

HIGHLIGHTS

TECHNICAL:

Glenburgh

- The quarter was dominated by infill and extensional drilling. Two drill rigs, one diamond and one reverse circulation (RC) completed over of 169 RC and 19 diamond drill holes for 19,140 metres during the quarter. Overall, the results received to date have predominantly either matched or exceeded both the widths and grades from the current resource model.
- Intersections announced during the quarter include:
 - **Zone 126**
 - 2m @ 41.6 g/t gold
 - 4m @ 15.1 g/t gold
 - 14m @ 5.9 g/t gold inc 6m @ 12.2 g/t gold
 - 13m @ 5.7 g/t gold
 - 2.5m @ 27 g/t gold
 - 4m @ 11.7 g/t gold
 - **Apollo**
 - 7m @ 5.6 g/t gold
 - 31m @ 3.8 g/t gold
 - 3m @ 10.1g/t gold
 - 20m @ 2.7 g/t gold including 3m @ 11.5 g/t gold
 - 10m @ 3.6 g/t gold including 3m @ 10.4 g/t gold
 - **Icon**
 - 28m @ 3.1 g/t gold
 - 7m @ 5.2 g/t gold
 - 10m @ 8.6 g/t gold including 3m @ 25.8 g/t gold
 - 30m @ 3.6 g/t gold including 9m @ 10.3 g/t gold
 - 9m @ 4.8 g/t gold
 - **Zone 102**
 - 12@ 2.5 g/t gold inc 5m@ 5.1
 - 13m @ 2.1 g/t gold
 - 3m @ 7.5 g/t gold
 - **Tuxedo**
 - 11m @ 3.5 g/t gold including 5m @ 7.0 g/t gold
 - 5m @ 3.9 g/t gold including 1m @ 14.6 g/t gold
 - 3m @ 4.8 g/t gold
 - **Torino**
 - 7m @ 2.0 g/t gold
 - 5m @ 4g/t gold
- Work progressed on the Glenburgh feasibility study, with metallurgy, geotechnical, hydro geology and environmental studies. The new drilling results are being incorporated into a revised resource model expected to be completed in September.

CORPORATE:

- A 1 for 5 non renounceable Rights issue was finalised during the quarter. The issue closed oversubscribed on the 9th of May, with \$4.6 million raised.
- A private placement of 10 Million shares to raise \$ 2.1 million was also completed during the quarter.
- As a result of the abovementioned capital raisings, the issued capital of the company was increased to 136.6 million shares.

CORPORATE DETAILS

ASX Code: GCY
Shares: 136.6M
Share Price: 19.5 cents
Market Cap: \$26 M

ASSETS

Cash: \$5.8 M

Glenburgh (100%) 703,000 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

Telephone: +61 8 9481 3434
Facsimile: +61 8 9481 0411
Email:
admin@gascoyneresources.com.au
Web:
www.gascoyneresources.com.au

REVIEW OF OPERATIONS

GLENBURGH

E09/1325, 1764, 1865 & 1866, ELA 1946, 1947 & 1988, PLA 09/471-744, MLA 09/148 - 100% Gascoyne

With an updated resource estimate and scoping study completed and indicating that a feasibility study was warranted, a 40,000 metre drill program is underway on the Company's 100% owned Glenburgh Gold project in Western Australia. One RC and one Diamond drill rig recommenced drilling in February with the bulk of the program already completed.

DRILLING:

Drilling has been the main activity for the quarter, utilising two drill rigs on the project for the entire quarter.

The drilling has been aimed at adding confidence in the resource, through infill and extensional drilling that has now completed at most of the deposits, with results overall having matched or exceeded the grades and widths of mineralisation estimated from the resource models. A total of 169 RC drill holes for 16,677 metres and 19 diamond holes for 2,463 metres were drilled during the quarter. Results have been announced progressively with eight drill announcements since the 1st of April. (3rd and 11th of April, 1st, 2nd, 8th and 28th of May, 5th, 27th of July). See each of the individual announcements for further details on the individual intersections.

A summary of the better intersections announced during the quarter include:

- **Zone 126 (diamond drilling – see Figure 2 for further details)**
 - 2m @ 41.6 g/t gold (GBD011)
 - 4m @ 15.1 g/t gold (GBD011)
 - 14m @ 5.9 g/t gold inc 6m @ 12.2 g/t gold (GBD012)
 - 1.65m @ 7.0 g/t gold (GBD012)
 - 6m @ 6.9 g/t gold (GBD010)
 - 13m @ 5.7 g/t gold (GBD014)
 - 2.5m @ 27 g/t gold (GBD014)
 - 8m @ 6.1 g/t gold, including 4m @ 11.6 g/t gold (GBD016)
 - 4m @ 11.7 g/t gold (GBD013)
- **Apollo (RC drilling)**
 - 7m @ 5.6 g/t gold (VRC619)
 - 31m @ 3.8 g/t gold (VRC622)
 - 3m @ 10.1g/t gold (VRC628)
 - 20m @ 2.7 g/t gold including 3m @ 11.5 g/t gold (VRC630)
 - 10m @ 3.6 g/t gold including 3m @ 10.4 g/t gold (VRC632)
- **Icon (RC drilling)**
 - 28m @ 3.1 g/t gold (GBD021)
 - 7m @ 5.2 g/t gold (GBD021)
 - 10m @ 8.6 g/t gold including 3m @ 25.8 g/t gold (VRC659)
 - 30m @ 3.6 g/t gold including 9m @ 10.3 g/t gold (VRC668)
 - 3m @ 5.1 g/t gold (VRC662)
 - 9m @ 4.8 g/t gold (VRC673)
 - 6m @ 5.9 g/t gold (VRC678)

DRILLING (continued):

- **Zone 102 (RC drilling)**
 - 12@ 2.5 g/t gold inc 5m@ 5.1 g/t gold (VRC710)
 - 13m @ 2.1 g/t gold (VRC724)
 - 3m @ 7.5 g/t gold (VRC720)
- **Tuxedo (RC drilling)**
 - 11m @ 3.5 g/t gold including 5m @ 7.0 g/t gold (VRC760)
 - 5m @ 3.9 g/t gold including 1m @ 14.6 g/t gold (VRC761)
 - 3m @ 4.8 g/t gold (VRC767)
- **Torino (RC drilling)**
 - 7m @ 2.0 g/t gold (VRC608)
 - 5m @ 4g/t gold (VRC600)

These drill results are currently being incorporated into a revised resource model, which is expected to be completed in September.

FEASIBILITY STUDY UPDATE:

The main activity for the feasibility study has been the infill and extensional drilling. In addition a number of significant developments have been made for the study including on the metallurgy, geotechnical assessment, hydro geological assessments and environmental baseline studies.

Recent activities include:

Metallurgy:

Detailed metallurgical test work is underway to confirm the excellent leaching recoveries received from previous test work which resulted in +95% recovery, 45-50% gravity gold recovery and very rapid leach kinetics.

With optimisation it is expected that overall recoveries of between 95 and 97% will be achieved.

Four large diameter diamond drill holes have been completed to provide the material for the detailed test work required for the feasibility. The holes have been completed to allow individual samples of all the expected rock units (both fresh rock and oxidised rock) for the four main deposits. One hole was drilled at each of the Icon, Apollo, Zone 102 and Zone 126 deposits. A total of 12 composite samples have been created and test work is underway at Ammtec metallurgical laboratory in Perth.

In addition to this test work, a further 6 metallurgical composite samples have been collected from the infill RC drilling reserve samples. These samples will provide additional data for the leaching characteristics of the deposits.

The results of this program will assist in determining the optimum flow sheet design for the project

Geotechnical:

The scoping study highlighted the project's sensitivity to waste mining costs; as a result detailed geotechnical assessment of the four main pits is underway. This has included drilling of 10 specifically designed geotechnical diamond drill holes, to assess the structures expected to be intersected by the pit walls. These holes have been completed and preliminary geological logging completed, with detailed geotechnical assessment underway.

This program will include pit wall stability modelling to determine the pit wall angles that can safely be used to optimise resource conversion into reserve.

Hydrogeology:

During the scoping study, a number of conceptual process water targets were identified. As part of the feasibility, these targets needed to be tested. As a result of the successful water exploration, a total of 4 production bores have been drilled and constructed. These bores intersected a significant amount of water with flows of up to 5 litres per second from the air lift tests and have been confirmed by pump testings.

While these four bores alone will not provide all of the process water supply for the project, they have confirmed that the regional aquifer can provide the project's overall process water requirements.

Environmental Baseline Studies:

The company completed a "level one" flora and fauna study as part of the scoping study, which did not identify any significant or rare types of flora or fauna in the project area.

As part of the approvals process required for the development of the project, flora and fauna studies are required to assess the environmental impact the project will have. Part of this process is to conduct seasonal baseline studies of both the local flora and fauna (during Autumn and Spring).

The Autumn flora and fauna baseline studies have now been completed. While the final report has not yet been received, indications from the botanist and zoologist who undertook the surveys suggest that no environmental impediments to development were discovered.

The Spring Survey has been scheduled for September of this year.

FORWARD PROGRAM

The main focus for the company during 2012 will remain the Feasibility study and ongoing exploration at the Glenburgh Project. The forward program includes:

- Additional drilling to test the down dip, down plunge and strike extensions of the known gold deposits at Glenburgh.
- Exploration RC drilling at the South Western target zone, to define additional targets along strike from the Torino deposit and along strike from the Tuxedo deposit.
- RAB and Aircore drilling to test a number of historical geochemical anomalies
- An updated resource estimate for the Glenburgh project.
- Feasibility Study, including metallurgy, geotechnical, mining studies, permitting and financial analysis
- Ongoing environmental baseline studies

OTHER PROJECTS (Higginsville, Bassit Bore, Bustler Well, Mt James and Murchison)

No exploration was undertaken during the quarter.

NEW PROJECTS

In addition to Gascoyne's existing projects, a number of new opportunities have been and continue to be assessed. These evaluations are preliminary and ongoing. The company will make announcements as and when negotiations are more advanced.

CORPORATE

Private Placement and Non Renounceable Rights Issue:

On the 5th of April, the company announced a capital raising by way of a private placement and a non renounceable rights issue. A Placement of 10 million shares was made to sophisticated and institutional investors and was followed by a 1 for 5 pro-rata non- renounceable rights issue. The rights issue closed oversubscribed on the 9th of May.

A total of \$6.7 million before costs was raised (approximately \$2.1 million by the placement and \$ 4.6 million by the rights issue).

As a result of the capital raising, the issued capital of the company was increased to 136.6 million fully paid shares.

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 Diamond and RC drilling with samples being collected at one metre intervals and a riffle split (of half core) subsample of approximately 2-4 kg was sent to Genalysis Laboratory Services Pty Ltd in Perth Western Australia, RC drill samples were split on site and sent to MinAnalytical laboratories in Perth. 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.

Intersections have been reported using a 0.5g/t cut off and allowance for up to 4m of internal waste.

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

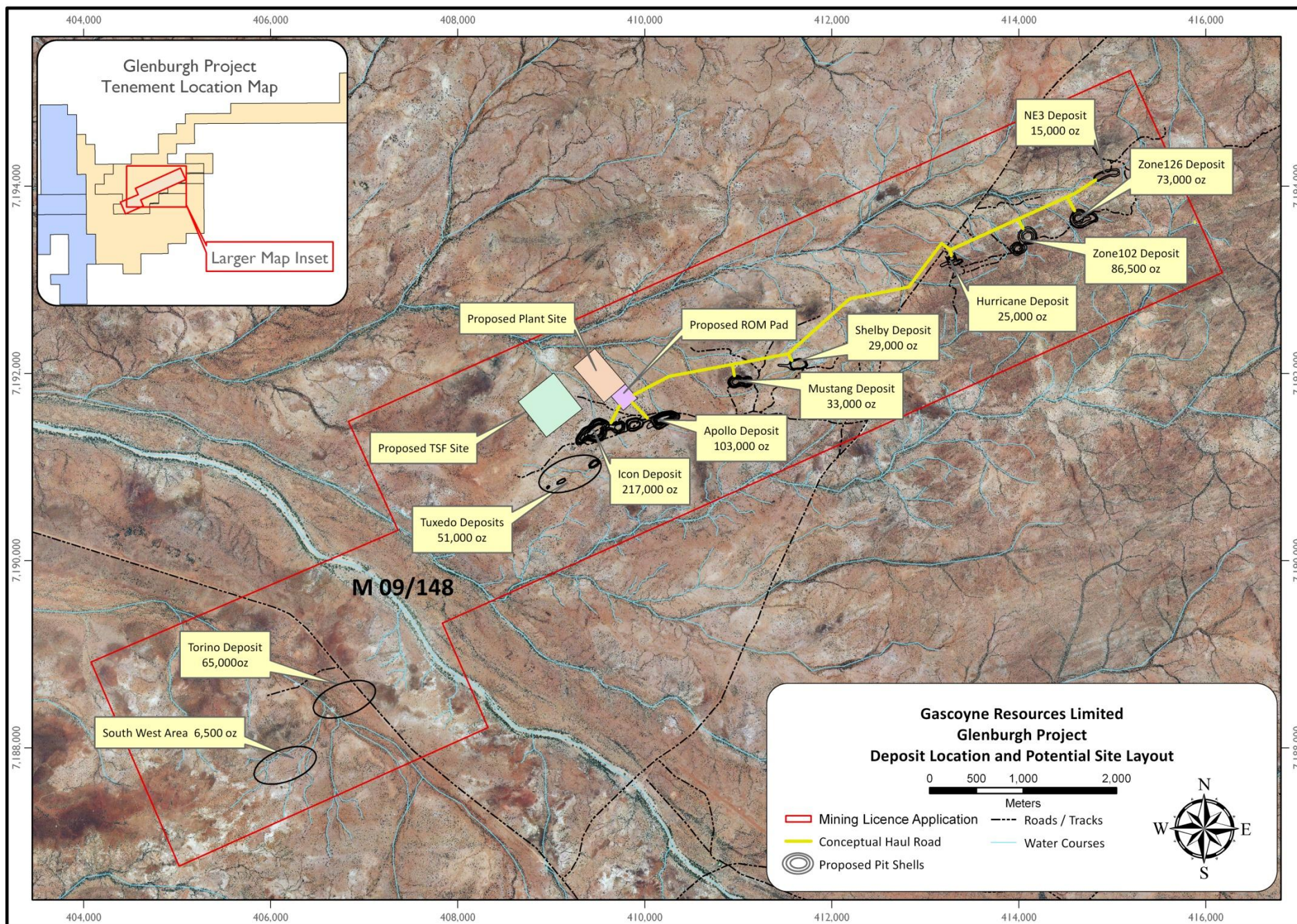


Figure 1: Glenburgh Mining licence application, deposit locations and conceptual site layout.

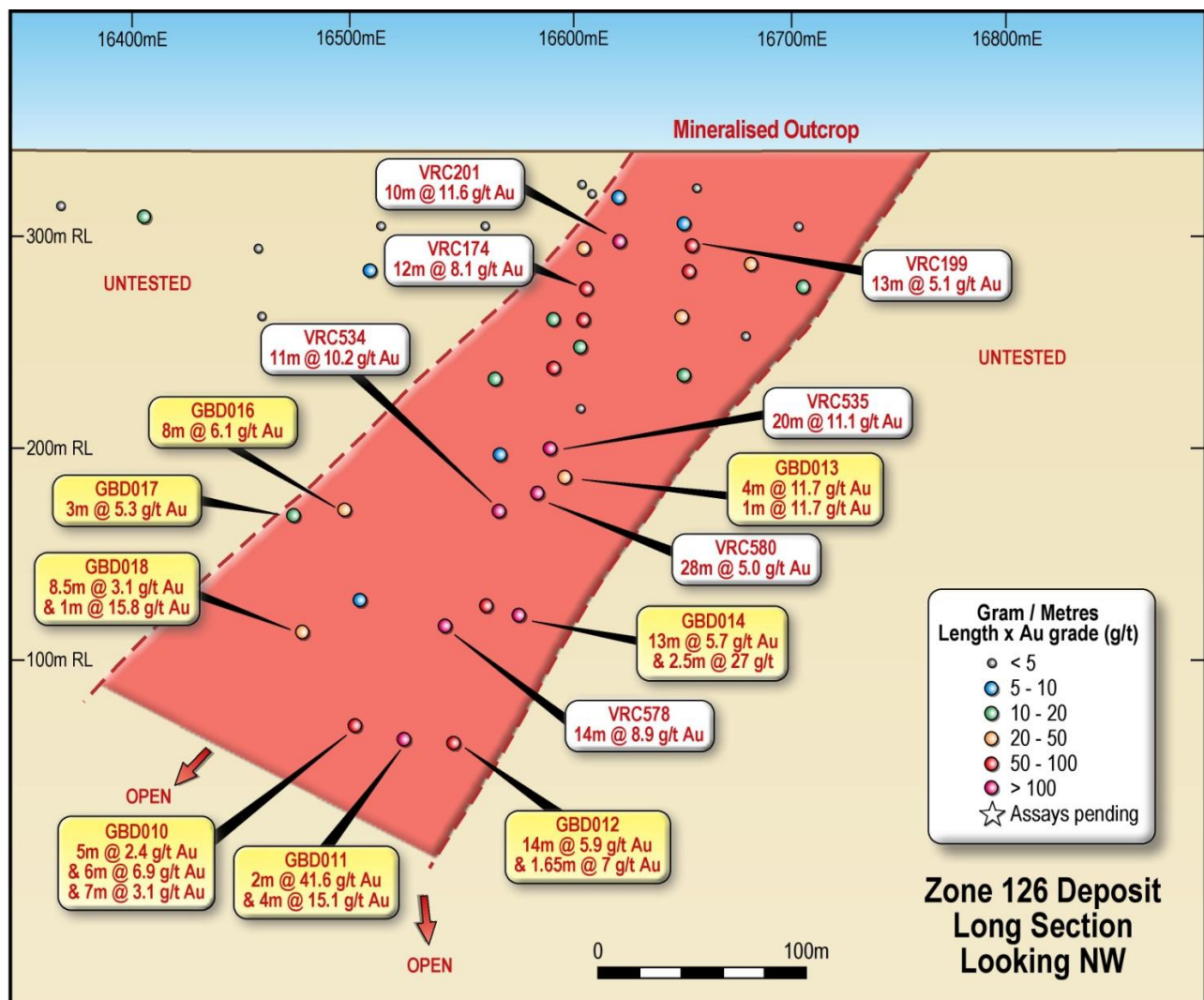


Figure 2: Zone 126 Deposit Long Sections showing recent deep diamond drilling results

Gascoyne Resources Limited - Background

Gascoyne Resources Limited was listed on the ASX in December 2009 following the amalgamation of the gold assets of Helix Resources Limited and Giralda 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 Indicated and Inferred resource of: 17.4 Mt @ 1.3g/t Au for 703,000oz gold (the Indicated portion is 1.6Mt @ 2.0 g/t Au for 103,500 ounces of 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. (See table 1 for full details on resource breakdown)
- 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.
- At the Bassit Bore Project, a number of gold bearing quartz veins have been discovered at the Harrier prospect with rock chip samples up to 73g/t gold. RC drilling of one of these veins has intersected promising gold copper and silver mineralisation. A number of other quartz veins are yet to be tested.
- Projects in the Higginsville and Murchison regions of Western Australia, which has potential to host significant gold and nickel deposits

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

Table 1: Glenburgh Deposits - Area Summary Comparison with Previous Resource Estimate

Area	February 2012 Mineral Resource (0.5g/t Au Cut-off)								
	Indicated			Inferred			Total		
	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces
Icon	0.8	1.3	33,500	5.6	1.0	183,200	6.4	1.1	216,700
Apollo	0.6	2.0	37,600	1.6	1.3	65,200	2.2	1.5	102,800
Tuxedo				1.8	0.9	50,900	1.8	0.9	50,900
Mustang				1.1	0.9	32,700	1.1	0.9	32,700
Shelby				0.9	1.0	29,300	0.9	1.0	29,300
Hurricane				0.6	1.3	24,800	0.6	1.3	24,800
Zone 102				1.5	1.8	86,500	1.5	1.8	86,500
Zone 126	0.2	4.5	32,300	0.8	1.6	40,500	1.0	2.2	72,800
NE3				0.5	0.9	15,000	0.5	0.9	15,000
Torino				1.3	1.5	65,000	1.3	1.5	65,000
SW Area				0.1	3.8	6,200	0.1	3.8	6,200
Total	1.6	2.0	103,500	15.8	1.2	600,000	17.4	1.3	703,000

Note: Discrepancies in totals are a result of rounding

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 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 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	(2,474)	(5,404)
1.3	Dividends received	(253)	(971)
1.4	Interest and other items of a similar nature received	48	248
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	(2,679)	(6,127)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(28)	(136)
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	-	(35)
	Net investing cash flows	(28)	(171)
1.13	Total operating and investing cash flows (carried forward)	(2,707)	(6,298)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,707)	(6,298)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,654	7,329
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 – Capital Raising Costs	(199)	(199)
	Net financing cash flows	6,455	7,130
	Net increase (decrease) in cash held	3,748	832
1.20	Cash at beginning of quarter/year to date	2,041	4,957
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,789	5,789

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	122
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 \$75k
Non-executive Director fees \$47k

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	2,500
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	2,800

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	3,289	1,141
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other: Term deposits	2,500	900
Total: cash at end of quarter (item 1.22)	5,789	2,041

+ 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	E09/1988 E15/1280 P20/2209 E47/2483	Application Granted Application Granted	0% 100% 0% 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	136,619,520	136,619,520	
7.4	Changes during quarter			
	(a) Increases through issues	32,769,920	32,769,920	
	(b) Decreases through returns of capital, buy-backs			
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)	1,000,000 1,800,000	Nil Nil	Exercise price \$0.40 \$0.40	Expiry date 31 August 2014 16 November 2013
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: 31 July 2012

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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