

HIGHLIGHTS

TECHNICAL:

During the quarter, progress was made at both the Glenburgh and Dalgaranga gold projects, with a significant exploration effort directed to the Dalgaranga project as it provides a near term development opportunity for the Company. Progress is summarised below:

Dalgaranga Project

- RC drilling was completed during the quarter at the high grade Golden Wings prospect. Drilling confirmed the interpretation and the high grade nature of the deposit. Results included:
 - 29m @ 3.7g/t gold
 - 5m @ 4.5g/t gold
 - 26m @ 1.5g/t gold, including 9m @ 3.2g/t gold
- Exploration aircore drilling was also completed during the quarter, resulting in significant intersections including:
 - 4m @ 5.3g/t gold
 - 8m @ 1.4g/t gold
 - 4m @ 1.9g/t gold and
 - 4m @ 2.6g/t gold inside a broad zone of anomalism (42m @ 0.5g/t gold)
- The Scoping Study continued during the quarter, activities included,
 - Pit optimisations for Onsite CIL processing, Onsite Heap Leaching and Off site CIL processing. The optimisations resulted in a range of positive outcomes.
 - Preliminary pit designs have been completed based upon the "On Site Processing option" and result in a production target of 6.65Mt @ 1.5 g/t gold for 320,000 ounces of contained gold.
 - Metallurgical testwork was also completed, with very high CIL recoveries of up to 98% (~60% gravity recovery) through a standard flowsheet with very low reagent consumption. Heap Leach testwork suggested recoveries of between 65 and 77%

Glenburgh Project

- Activities during the quarter were focused on the grant of the mining lease and associated ancillary tenure needed for the development of the project. As part of this process, an extended period of negotiations with the native claimant group has been undertaken. This process is nearing completion with execution of a project wide native title agreement expected in the coming days.

CORPORATE:

- The Company's annual general meeting was held during the quarter, with all resolutions approved.
- A total of 3.9 million employee options were issued under the company's ESOP and a total of 1.9 million options lapsed or were cancelled during the quarter.
- A Research and Development claim has also been prepared for research activities related to the Glenburgh, Egerton and Dalgaranga projects. Any R&D rebate due is expected to be received during the March 2014 Quarter.
- The company's cash reserves were \$1.2 million at the end of the quarter.

CORPORATE DETAILS

ASX Code: GCY
 Shares: 158M
 Share Price: 16.5c
 Market Cap: \$26 M

ASSETS

Cash: \$1.2 M
 Glenburgh (100%) 1.0M oz Gold
 Dalgaranga (80%) 740,900 oz Gold
 Egerton (under option) 24,000oz Gold

BOARD

Non-Executive Chairman
 Mike Joyce

Managing Director
 Michael Dunbar

Non-Executive Directors
 John den Dryver
 Gordon Dunbar
 Graham Riley
 Stan Macdonald

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REVIEW OF OPERATIONS

Dalgaranga

E59/1709, E59/1922, M59/749, ELA21/174 & 178, ELA59/1904, 1905 & 1906, LLA 59/141 & 142 - 80% Gascoyne

During the quarter a significant exploration effort was directed to the Dalgaranga project as it provides a near term development opportunity for the Company. Activities have included:

- Infill RC drilling at the high grade Golden Wings deposit
- Exploration Aircore drilling
- Continuation of the current Scoping Study on development options for the project

Drilling Activities

RC drilling

As announced on the 26th of November 2013, infill and extensional RC drilling intersected a number of significant zones of mineralisation, confirming the interpretation of the high grade Golden Wings deposit. Intersections from the infill drilling include **29m @ 3.7 g/t gold** (from 89m in DGRC019), which included three separate zones, **3m @ 7.6g/t gold** (from 106m), **2m @ 35.8g/t gold** (from 116m) and **9m @ 1.0g/t gold** (from 89m) in addition to another zone of **5m @ 4.5g/t gold** (from 63m). Hole DGRC018 intersected a wide zone of mineralisation containing **26m @ 1.5g/t gold** (from 84m) which included two separate zones of **9m @ 3.2g/t gold** and **8m @ 1.0g/t gold**. The third infill hole (DGRC017) intersected **5m @ 3.1g/t gold** from 69m (see Figure 2, 3 & 4). Extensional drilling also intersected zones of mineralisation including **4m @ 1.7g/t gold** and **3m @ 1.2 g/t gold**, these intersections confirm the trend of the mineralised shear zone in the Golden Wings area.

Aircore Drilling

Exploration aircore drilling intersected a number of significant zones of mineralisation outside the known resources (as outlined in ASX announcement 13th November 2013). Intersections included

Golden Wings North: A number of short lines of north south orientated drilling targeted parallel east-west mineralised trends 50 - 200m north of Golden Wings deposit, 4m composite intersections include **8m @ 1.4 g/t gold** from 56m (DGAC085), **4m @ 5.3g/t gold** from 20m (DGAC087) and **4m @ 2.5 g/t gold** from 56m (DGAC098). See Figure 5

Golden Wings East: Approximately 250m to the NE of Golden Wings a zone of **4m @ 1.9 g/t gold** from 48m (DGAC149) was intersected. This is interpreted to be the strike extension of the Golden Wings shear zone. See Figure 5

Exploration Reconnaissance: A series of very wide spaced Aircore holes (200m spaced holes on 800m spaced lines) were drilled some 1600m north of the Gilbeys deposit and around 3,000m west of the Golden Wings deposit, close to the boundary of the granted exploration licence (Gascoyne owns 80% of the adjoining exploration tenement application – See Figure 5). A broad interval of **42m @ 0.5 g/t gold from 64m to the EOH**, including **4m @ 2.6g/t gold**, was intersected in DGAC194. This is a very encouraging intersection in an area which has no historical exploration. The very wide spaced drilling lies on a north-east trending fault zone discernible from aeromagnetic data – this trend is sub parallel to the Gilbeys shear zone and is unexplored, opening up further exploration targets in the Dalgaranga area.

Scoping Study

As a result of the Dalgaranga global resource increasing by 94% during the September 2013 quarter, a Scoping Study commenced to determine the best development option for the project. The options being considered are:

- Onsite Heap Leaching
- Onsite CIL processing
- Off Site processing (by CIL milling) through a third party processing facility

Pit Optimisations

As announced on the 13th of November, a pit optimisation study has highlighted that a significant amount of material is contained within the pit optimisation for each of the options mentioned above.

The production targets of each of the options, based upon A\$1400 gold price shells are as follows:

- On Site Processing Production Target*: 7.7Mt @ 1.5g/t for 362,000 oz gold contained (74% Indicated & 26% Inferred resources)
- On Site Heap Leaching Production Target*: 6.3Mt @ 1.4g/t for 291,000oz gold contained (86% Indicated and 14% Inferred Resources)
- Off Site Processing Production Target*: 3.9Mt @ 1.7g/t for 210,000 oz gold contained (91% Indicated and 9% Inferred Resources)

Note * these pit optimisation production targets are not reserves, are based on Indicated (91-74%) and Inferred (9-26%) JORC 2012 resources, pit optimisations (not designs) and as such are preliminary in nature. There is no guarantee that these production targets will be converted into reserves through the detailed mine design process or by additional exploration. These production targets should not be used as a guide for investment in the Company. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

See Table 1 for a breakdown of the pit optimisation results. A summary of the inputs and assumptions used are provided in Table 2.

Pit Designs

Preliminary pit designs have been completed for both the Golden Wings and Gilbeys deposits based upon the On Site processing option pit optimisation (outlined above) and a reduced gold price assumption of A\$1350/oz (as outlined in ASX announcement 26th November 2013).

The pit designs have identified a Production Target* totalling **6.65Mt @ 1.5g/t gold for 320,000 ounces** of contained gold (78% Indicated, 22% Inferred JORC 2012 resources within the designs). The Production Target* for each of the deposits is:

- Golden Wings 630Kt @ 2.6g/t gold for 53,000oz contained (80% Indicated resources and 20% Inferred resources)
- Gilbeys 6.0Mt @ 1.45 g/t gold for 266,000oz contained (78% Indicated resources and 22% Inferred resources)

The designs have been based upon the pit optimisations using a gold price of ~A\$1350, which is approximately A\$100 below the current spot gold price. The designs are an improvement from the original pit optimisations (for the same gold price) with a reduction in the total waste movement and a slight decrease in the overall contained ounces (down by less than 1% or 2,000oz).

The final Gilbeys pit design will require staging to defer unnecessary waste movement in the early years of development. The design of these stages is ongoing, once finalised; the mine schedule will be completed to allow the preliminary financial modelling to be undertaken

Note * the pit design contains a production target and is not a reserve, are based on Indicated JORC 2012 resources (78% for Gilbeys and 80% for Golden Wings) and Inferred JORC 2012 resources (22% for Gilbeys and 20% for Golden Wings), initial pit designs and as such is preliminary in nature. There is no guarantee that the production target will be converted into reserves through the detailed mine design process (a Pre Feasibility Study) or by additional exploration. This production target should not be used as a guide for investment in the Company. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Metallurgical Testwork

As stated in ASX announcement 26th of November 2013 and 13th of November 2013, metallurgical testwork for the Gilbeys and Golden Wings deposits has exceeded expectations, with CIL testwork showing **excellent recoveries of over 98% within 24 hours** (98.3% for Gilbeys and 98.6% for Golden Wings) and heap leach tests showing recoveries of between 65 and 77%.

Given these excellent results, additional test work has been completed on the Gilbeys deposit to determine if the grind size can be increased, to reduce power requirements and decrease the estimated operating

costs. These tests have shown that the Gilbeys deposit is not sensitive to grind size; with recoveries of 95.75% at 212µm (the original test work completed at 75µm indicated a recovery of 98.33%). As the bulk of the Golden Wings deposit is oxidised and very soft, no grind size analysis has been undertaken on the Golden Wings samples.

The gravity gold component was also higher than expected with 60% of the Gilbeys gold and 34% of the Golden Wings gold recovery reporting through the gravity circuit.

These results are significantly better than the assumptions used in the pit optimisations (95% recovery for CIL and 65% for heap leach).

In addition to the better than expected recoveries, tests have also shown very low reagent consumption. The limited historical testwork had suggested that cyanide consumption increased to around 1.0kg/t with depth, however the recent testwork from the mineralised fresh rock samples from Gilbeys has resulted in low cyanide consumptions (~0.4kg/t), with the Golden Wings tests showing even lower cyanide consumptions (0.18kg/t). Sodium cyanide is a key reagent for the process and a significant cost to any gold processing; achieving low cyanide consumptions assists in lowering overall processing costs.

Dalgaranga Forward Program

The focus for the Dalgaranga project during the next few months will be completion of the Scoping Study and additional exploration and resource estimation. The forward program includes:

- Updating the Golden Wings resource estimate with the additional drilling described above.
- Completion of the Scoping Study, which includes mining studies, metallurgical testwork, resource confirmation drilling and environmental studies.
- Project permitting (once the preferred development option is determined)
- Preliminary discussions with potential third party mill operators in the region

Glenburgh

E09/1325, 1764, 1865, 1866, 1946 & 1947, ELA 09/2025 & 2073, P09/471-474, MLA 09/148, LLA09/50 -100% Gascoyne

The focus of activities on the Glenburgh project during the quarter shifted from on ground drilling and evaluation to the grant of the mining lease (see Figure Six) and associated ancillary tenure needed for the development of the project. As part of this process an extended period of negotiations with the native title claimants for the region has been undertaken. The process has taken far longer than expected; however, the process is nearing completion with the execution of a project wide native title agreement expected in the coming days.

This agreement (when executed) will pave the way for not only the grant of current mining lease application, but any future mining lease or ancillary tenure needed for the project on the current Glenburgh exploration tenements or tenement applications.

While the Company remains focused on gold exploration and development on the Glenburgh project, the prospectivity of the Glenburgh region for other commodities has recently been highlighted by the discovery of a very high grade graphite deposit by Buxton Resources Limited (See ASX BUX - ASX announcement Very High Grade Graphite Drill Intersections at Yalbra 13th January 2014:). The Yalbra graphite deposit (which is just south of the Gascoyne's Glenburgh gold project) includes medium to coarse flake graphite with grades up to 32m @ 23.4% TGC including 7m @ 32.6% TGC, which is believed by BUX to be the highest grade graphite intersections in Australia.

There are a number of other known graphite occurrences on the Gascoyne's tenements, which will be evaluated during the 2014 field season.

Glenburgh Forward Program

With the preliminary Feasibility Study complete, the focus for future activities for Glenburgh has shifted to permitting of the project. The forward program includes:

- Native Title negotiations
- Project permitting including submission of the mining plans and other approvals
- Process plant design, and evaluation of second hand processing facilities
- Further refinements of the Feasibility Study including power costs, resource updates (to include the 2013 drilling), improvements in the capital and operating costs
- Additional resource growth drilling
- Evaluation of other known mineral occurrences on the project, including graphite and copper

Table 1: Results from the Dalgaranga Project Pit Optimisations

Gilbeys Pit Optimisation (100% basis)											
Option	Tonnes	Grade	Contained Ounces	Waste	Strip Ratio	Mine Life Years	Recovered Ounces	Annual Production Oz/a	Production Cost A\$/oz	Operating Cashflow @ A\$1400/oz (A\$M)	Proportion of Inferred Mineral Resource Included
	Kt	g/t		Kt							
On Site CIL Processing	6,900	1.3	300,000	51,000	7.3	4.6	285,000	62,000	\$1,109	\$73.1	26%
On Site Heap Leaching	5,600	1.3	235,000	36,000	6.5	5.6	153,000	27,000	\$1,088	\$42.3	13%
Off Site CIL Processing	3,400	1.5	158,000	26,000	7.7	6.7	150,000	22,000	\$1,190	\$26.3	6%
Golden Wings Pit Optimisation (100% basis)											
On Site CIL Processing	810	2.4	63,000	11,000	13.4	0.5	60,000	60,000	\$734	\$37.6	22%
On Site Heap Leaching	720	2.4	56,000	8,000	11.5	0.7	36,000	36,000	\$737	\$22.9	18%
Off Site CIL Processing	570	2.9	52,000	8,000	13.9	1.1	50,000	44,000	\$732	\$31.5	20%
Dalgaranga Combined Mine Plan (100% basis)											
On Site CIL Processing	7,700	1.5	362,000	61,000	7.9	5.1	344,000	67,000	\$1,044	\$110.6	26%
On Site Heap Leaching	6,300	1.4	291,000	45,000	7.1	6.3	189,000	30,000	\$1,021	\$65.2	14%
Off Site CIL Processing	3,900	1.7	210,000	34,000	8.6	7.9	200,000	25,000	\$1,076	\$57.8	9%

Note: Differences in totals are as a result of rounding. Cash flows generated from the pit optimisations are preliminary and conceptual in nature, they are based upon Indicated (74-91%) and Inferred (9 - 26%) resources and not based on ore reserves. There is no guarantee that these cashflows will be generated after detailed mine planning or completion of additional exploration or that a reserve will be estimated for the project in the future. These production targets should not be used as a guide for investment in the Company. There is a low level of geological confidence associated with inferred resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Table 2: Key Assumptions used in the Dalgaranga Project Pit Optimisations

Item	Off Site CIL Processing	On Site CIL Processing	On Site Heap Leach	Comments
Mining costs	Budget prices assuming 1200 excavator and 90t trucks – taken from Glenburgh Feasibility Study.			Significant amount of free dig material –reduces costs
Mining Recovery	95%	95%	95%	
Mining Dilution	5%	5%	5%	Low due to wide ore zones and significant “free dig” oxide material
Pit Slopes	Taken from original Dalgaranga Feasibility study. over all slopes range from 40 ^o in oxide to 49 ^o in fresh rock			Allowances for pit ramps included in slope angles
Base Case Gold Price	US\$1260 with 90c A\$ exchange rate (A\$1400)			
Process Recovery	95%	95%	65%	Recent testwork exceeds these assumed recoveries
Processing Cost including processing, haulage (if needed) and admin.	A\$30	A\$21	A\$8.5	
Royalties (WA state)	2.5%			No other royalties payable
Assumed Processing Rate tpa	500,000tpa	1,500,000tpa	1,000,000tpa	

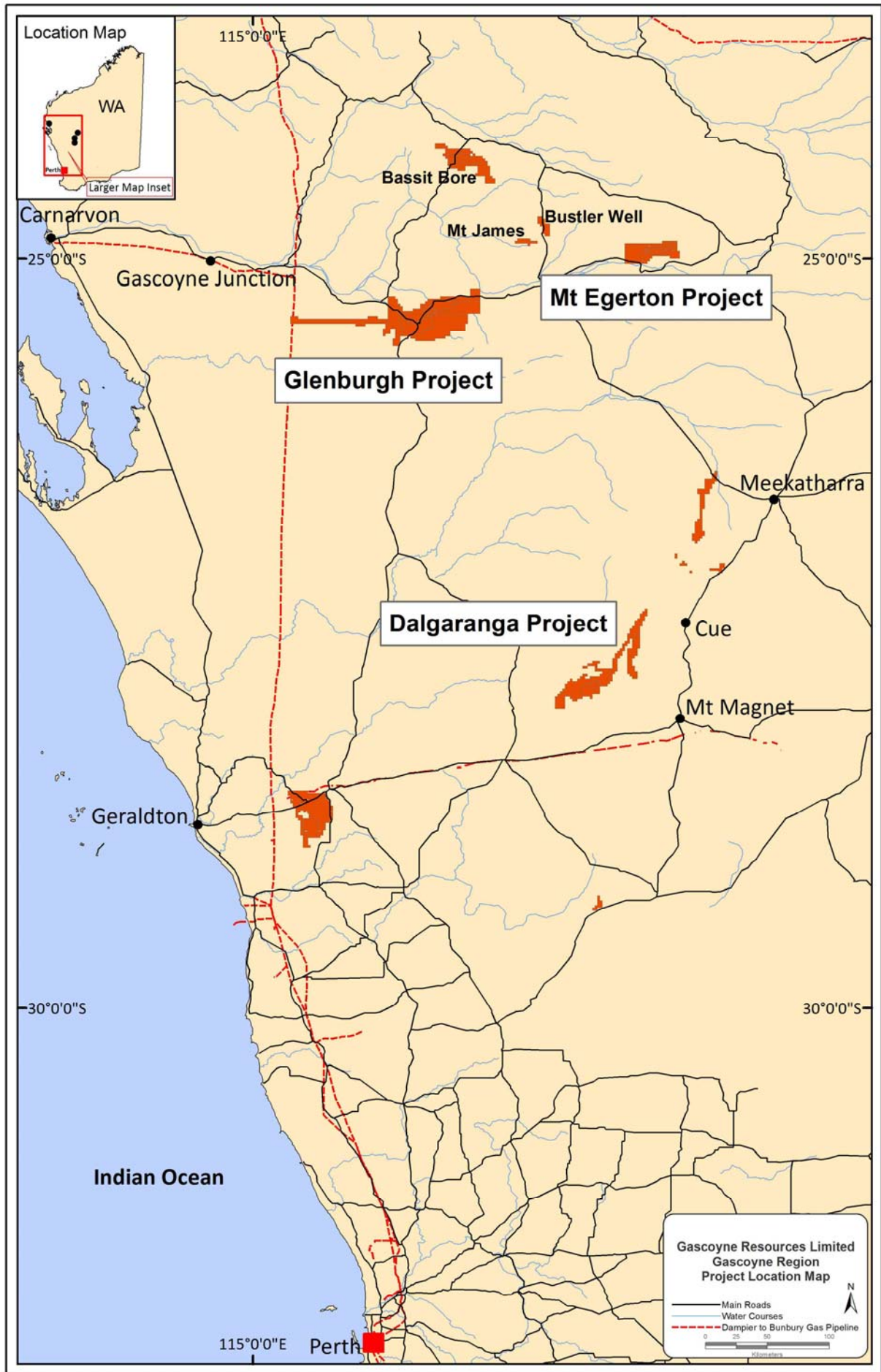


Figure One: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

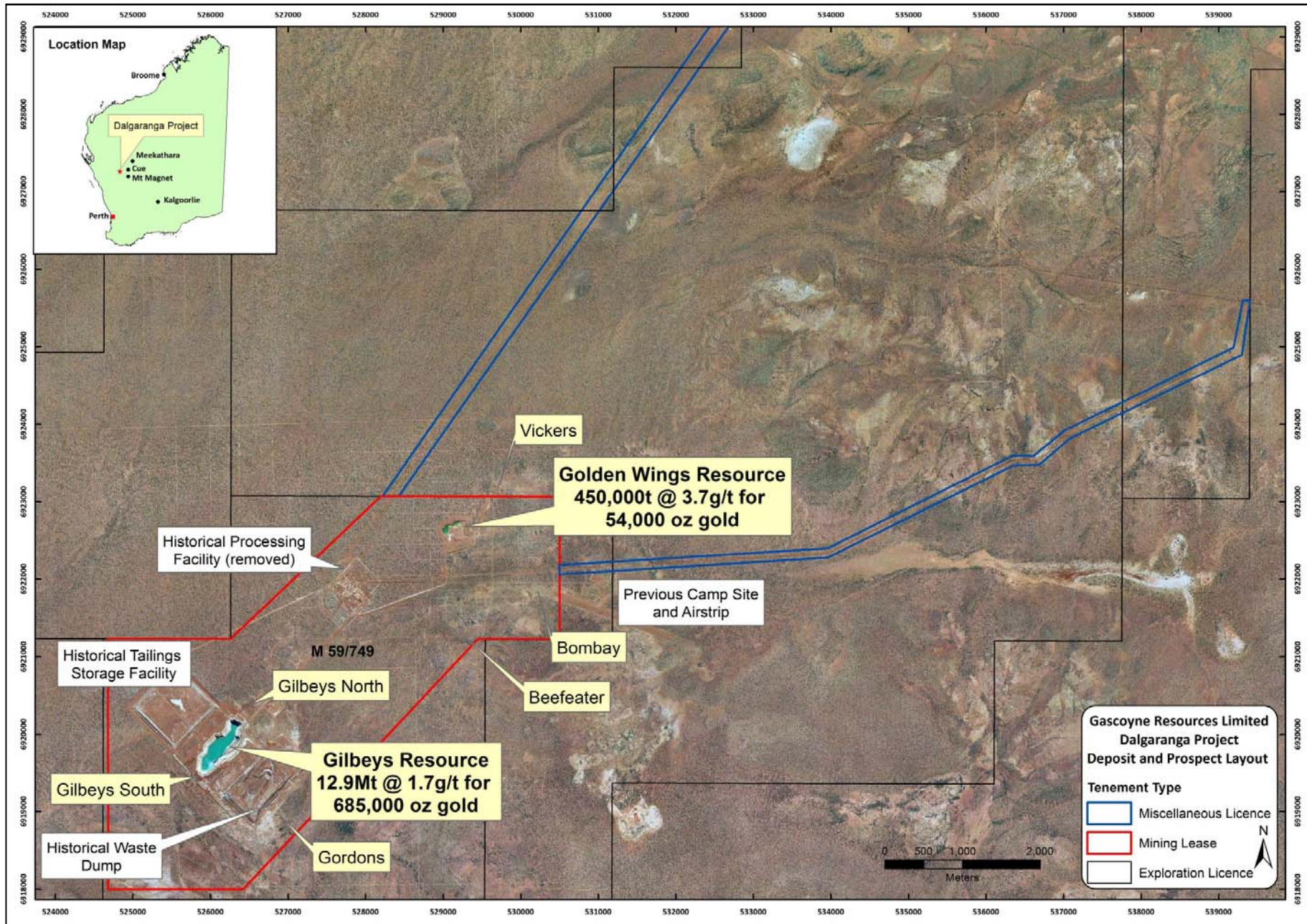


Figure Two: Dalgara Project Deposit and Prospect locations with Mining Lease and Miscellaneous Licences along with Previous Infrastructure Locations

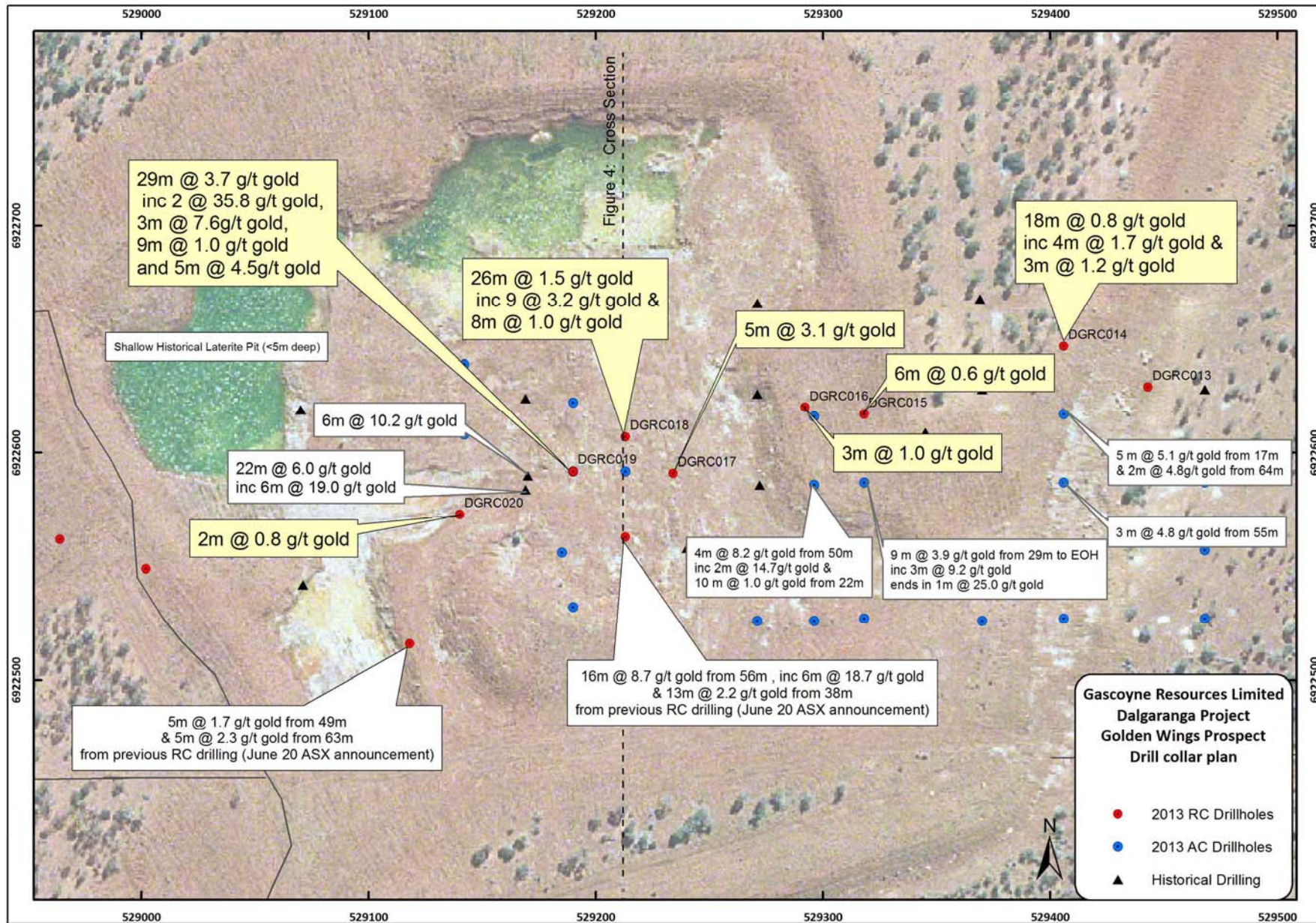


Figure Three: Golden Wings Deposit Drill Hole Location Plan with Recent Drilling Results

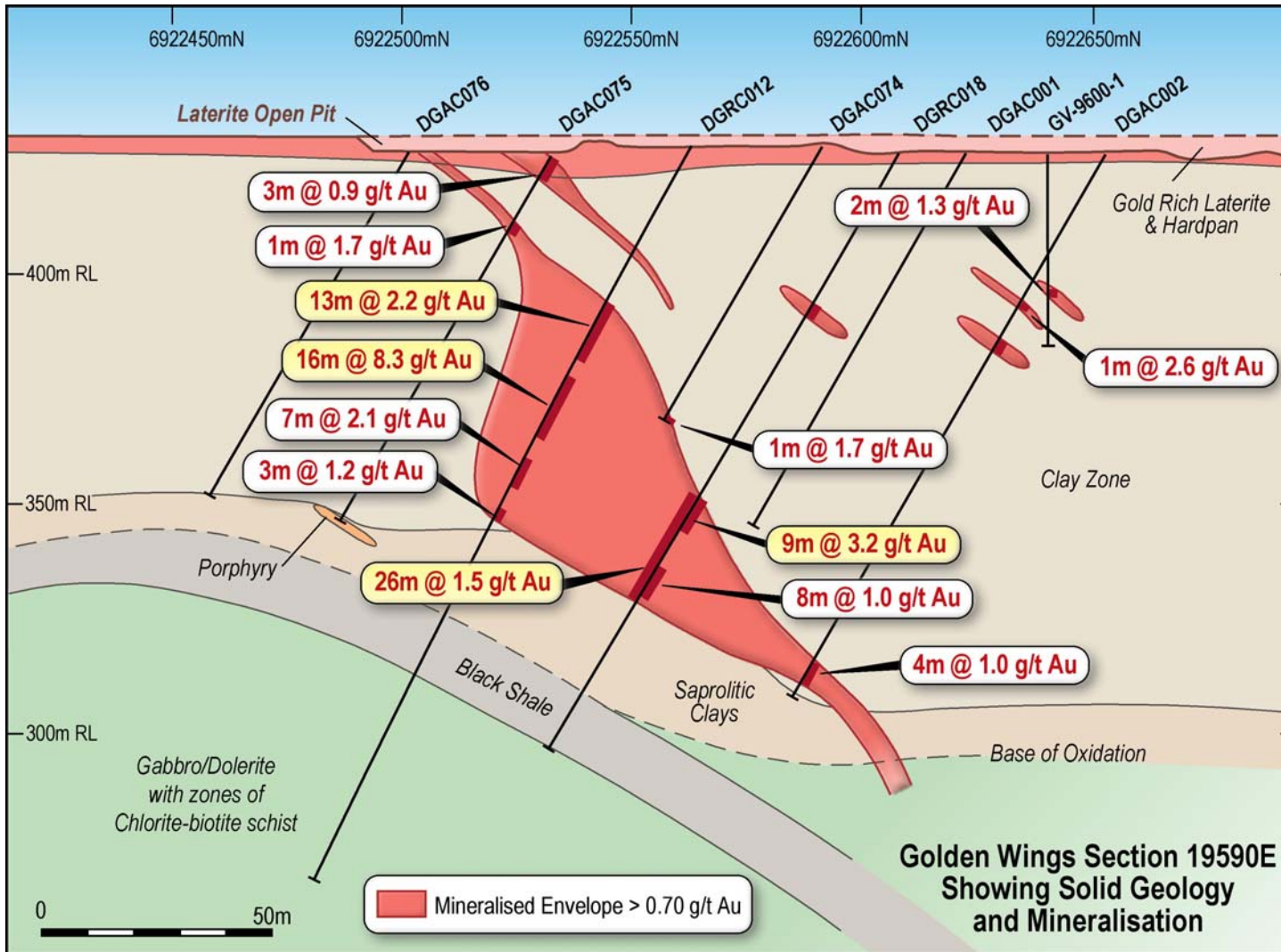


Figure Four: Golden Wings Cross Section

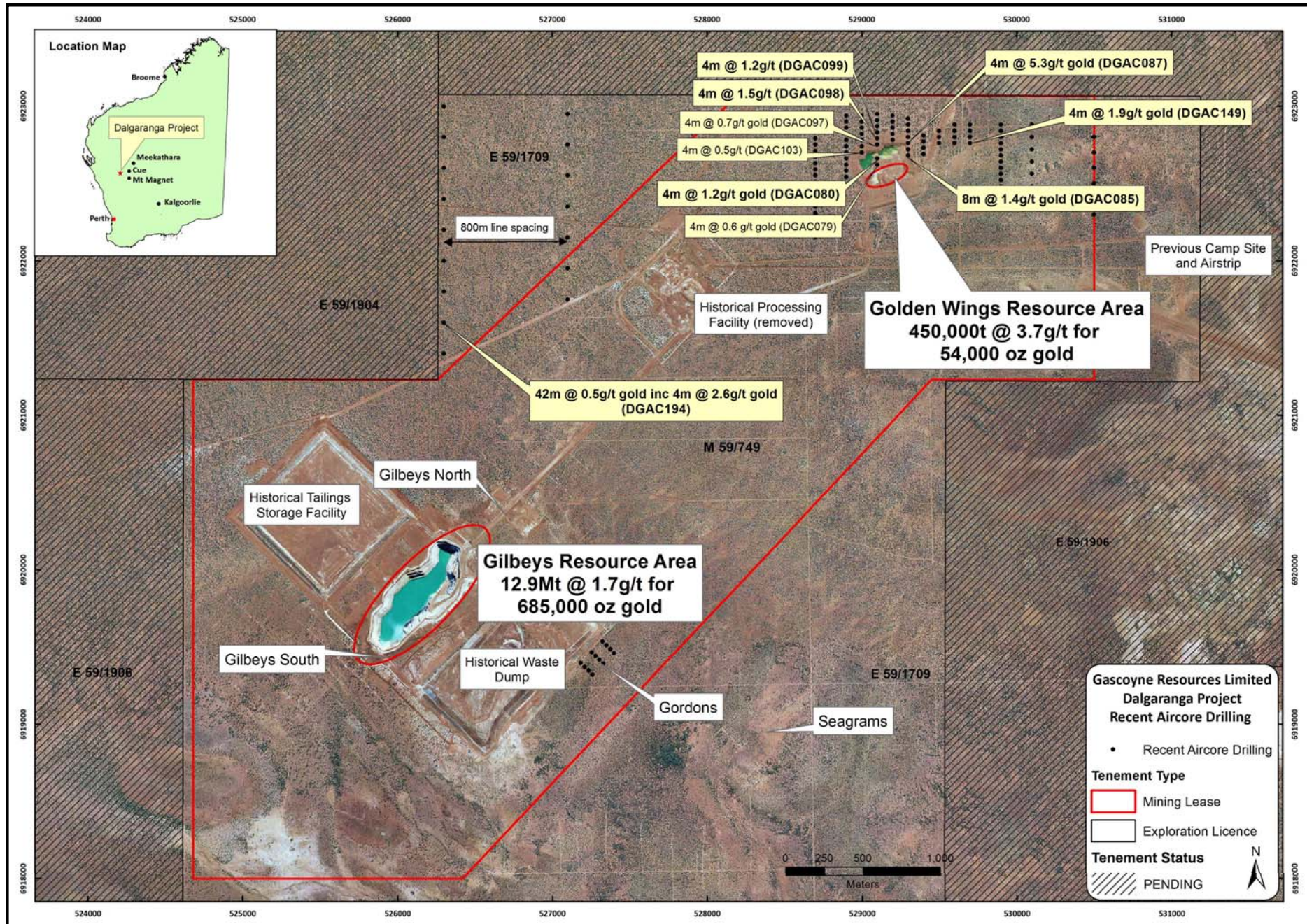


Figure Five: Dalgaranga Recent Aircore Exploration Drilling Results

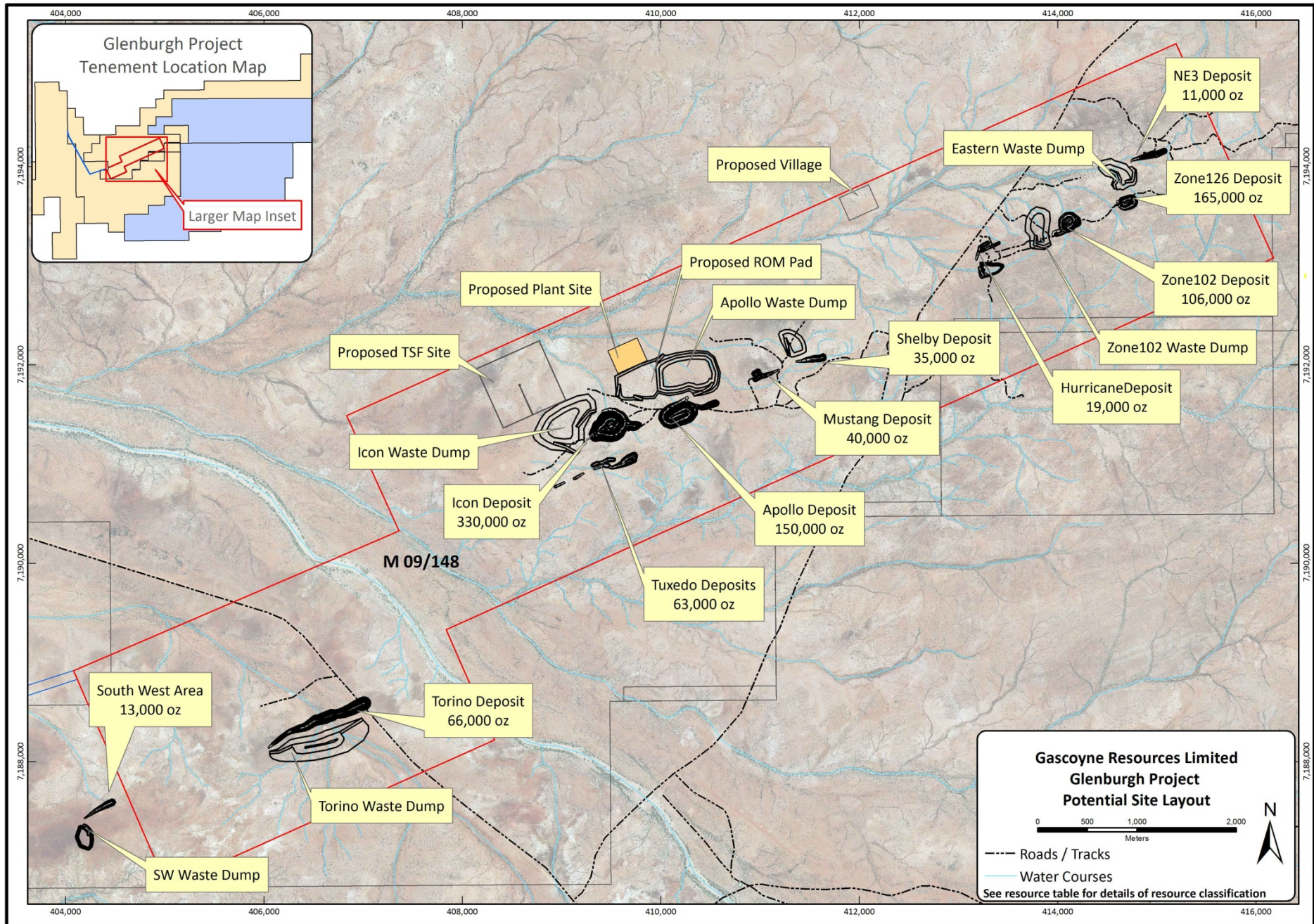


Figure Six: Glenburgh Project Conceptual Site Layout

Egerton

E52/2117, E52/2515, M52/343, M52/567 (under option) & E52/2866 - 100% Gascoyne

No on ground activities were completed during the quarter, as the exploration focus was split between Glenburgh and Dalgaranga. A data review has been completed on the project, which have highlighted a number of targets which will be followed up. Planning of field activities has commenced.

It is expected that on ground exploration activities will be stepped up at the Egerton project in the 2014 field season.

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

No field exploration was undertaken during the quarter.

CORPORATE

The Company's Annual General Meeting was held in Perth during the quarter. All resolutions that were put to the shareholders were passed.

A total of 3.9 million options (exercisable at 26c/option) were issued during the quarter under the ESOP and as approved at the AGM. Also during the quarter a total of 1.9 million options lapsed or were cancelled in line with the ESOP rules.

Early in the quarter, a change in substantial holder notice was received; with JPMorgan Chase increasing it's holding in the company to 7.53% through a series of on market purchases. JPMorgan Chase currently holds approximately 8% of the issued capital in the Company

During the quarter, preparation of the Company's 2012 - 2013 Research and Development tax rebate continued. It is expected that the R&D rebate along with the company's tax returns will be lodged in early 2014, and any R&D rebate due received during the March 2014 quarter.

The Company's cash position at the end of the December quarter was \$1.2 million dollars.

Mining Tenements held at 31st December 2013

All the company's tenements are within Western Australia

Tenement	Location	Name	Mineral	Ownership
EL09/1750	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
EL09/1751	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
EL51/1469	Murchison Region	Beebyn West	Gold	100% Gascoyne Resources
EL52/2348	Gascoyne Region	Bustler Well	Gold	100% Gascoyne Resources
ELA21/174	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA21/178	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1709	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA59/1904	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA59/1905	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA59/1906	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1922	Murchison Region	Dalgaranga	Gold	100% Gascoyne Resources
LA59/141	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
LA59/142	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ML59/749	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA52/2900	Pilbara Region	Elphin Bore	Gold	100% Gascoyne Resources
ELA52/2997	Pilbara Region	Elphin Bore	Gold	100% Gascoyne Resources
EL09/1325	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1764	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1865	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1866	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1946	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1947	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2025	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2073	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2080	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
LA09/50	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
MLA09/148	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
PL09/471	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
PL09/472	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
PL09/473	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
PL09/474	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL15/1265	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
EL15/1280	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
EL15/1286	Gold Fields Region	Higginsville	Gold	Earning 80% Gascoyne Resources
EL15/1297	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
PL15/5570	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
PL15/5571	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
PL15/5572	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
PL15/5573	Gold Fields Region	Higginsville	Gold	100% Gascoyne Resources
EL51/1470	Murchison Region	Illagalara Pool	Gold	100% Gascoyne Resources
EL51/1551	Murchison Region	Illagalara Pool	Gold	100% Gascoyne Resources
EL20/759	Murchison Region	Limestone Well	Gold	100% Gascoyne Resources
EL52/2117	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources - Under Option
EL52/2515	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources - Under Option
EL52/2866	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ML52/343	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources - Under Option

Tenement	Location	Name	Mineral	Ownership
ML52/567	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources – Under Option
EL52/2343	Gascoyne Region	Mt James	Gold	100% Gascoyne Resources
EL70/4399	Mid West Region	Mullewa	Coal	100% Gascoyne Resources
EL20/799	Murchison Region	Murchison	Gold	100% Gascoyne Resources
EL59/1731	Murchison Region	Ningham	Gold	100% Gascoyne Resources
EL20/773	Murchison Region	Tuckanarra	Gold	100% Gascoyne Resources

Abbreviations and Definitions used in Tenement Schedule:

EL	Exploration Licence	ELA	Exploration Licence Application
PL	Prospecting Licence	PLA	Prospecting Licence Application
LA	Miscellaneous Licence Application	MLA	Mining Lease Application
ML	Mining Lease		

The information in this report that relates to the Dalgarranga project was first reported by the company in compliance with JORC 2012 in market releases dated the 13th and 26th of November 2013. The company confirms that it is not aware of new information or data that materially affects the information included in the market announcements dated the 13th and 26th of November 2013.

Competent Persons Statement

The current Glenburgh 2004 JORC resource is classified as Indicated and Inferred and as a result, is not sufficiently defined to allow conversion to an ore reserve; the financial analysis in the preliminary Feasibility Study is conceptual in nature and should not be used as a guide for investment. It is uncertain if additional exploration will allow conversion of the Inferred resource to a higher confidence resource (Indicated or Measured) and hence if a reserve could be determined for the project in the future. Production targets referred to in the preliminary Feasibility Study and in this report are conceptual in nature and include areas where there has been insufficient exploration to define an Indicated mineral resource. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The Laterite Dalgarranga Resources estimate has been sourced from Equigold NL annual reports and other publicly available reports which have undergone a number of peer reviews by qualified consultants, that conclude that the resources comply with the JORC code and are suitable for public reporting. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Gilbeys and Golden Wings resources have been estimated by Elemental Geology Pty Ltd, an external consultancy, and are reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see GCY -ASX announcement 1st August 2013 titled: Dalgarranga Gold Resource Increases 80% to 685,000oz and GCY ASX announcement 1st October 2013 titled: Initial high grade gold resource at Golden Wings). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

The Egerton Resource estimate has been sourced from Exterra Resources annual reports and other publicly available reports which have undergone a number of peer reviews by qualified consultants, who conclude that the resources comply with the JORC code and are suitable for public reporting. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Background on Gascoyne Resources

Gascoyne Resources Limited was listed on the ASX in December 2009 and is focused on exploration and development of a number of gold projects in Western Australia.

The company owns three gold projects which combined have **1.76 million ounces of contained gold**:

GLENBURGH (100% GCY):

The Glenburgh Project in the Gascoyne region of Western Australia, has an Indicated and Inferred resource of: 21.1 Mt @ 1.5g/t Au for 1.0 million oz gold from several prospects within a 20km long shear zone (see Table 3 & 4)

A preliminary feasibility study on the project has been completed (see announcement 5th of August 2013) that showed a viable project exists, with a production target of 4.9mt @ 2.0g/t for 316,000oz (70% Indicated and 30% Inferred resources) within 12 open pits and one underground operation. The study showed attractive “all in” operating costs of under A\$1,000/oz and indicated a strong return with an operating surplus of ~ A\$160M over the 4+ year operation. The study has included approximately 40,000m of resource drilling, metallurgical drilling and testwork, geotechnical, hydro geological and environmental assessments. Importantly the resource and resulting study has not included the drilling completed during 2013, which intersected significant shallow high grade zones at a number of the known deposits.

**Table 3: Glenburgh Project by Material Type
April 2013 Mineral Resource Estimate (0.5g/t Au Cut-off)**

Type	Indicated			Inferred			Total		
	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces
Transitional	0.5	1.4	22,000	1.4	1.2	53,000	1.9	1.2	80,000
Fresh	6.4	1.8	360,000	12.8	1.4	561,000	19.2	1.5	920,000
Total	6.9	1.7	382,000	14.2	1.3	613,500	21.1	1.5	1,000,000

Note: Discrepancies in totals are a result of rounding

**Table 4: Glenburgh Deposits - Area Summary
April 2013 Mineral Resource Estimate (0.5g/t Au Cut-off)**

Area	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	3.5	1.4	160,400	4.1	1.3	168,000	7.6	1.3	328,400
Apollo	1.2	2.1	81,100	1.6	1.3	69,100	2.8	1.6	150,200
Tuxedo	0.6	1.1	21,800	1.2	1.1	41,300	1.8	1.1	63,100
Mustang				1.0	1.2	40,300	1.0	1.2	40,300
Shelby				0.9	1.2	34,600	0.9	1.2	34,600
Hurricane				0.5	1.3	18,500	0.5	1.3	18,500
Zone 102	0.9	1.9	56,500	1.2	1.3	49,100	2.1	1.6	105,600
Zone 126	0.6	3.2	62,200	1.4	2.2	102,700	2.1	2.5	164,900
NE3				0.2	1.5	11,300	0.2	1.5	11,300
Torino				1.6	1.3	65,700	1.6	1.3	65,700
SW Area				0.4	1.1	12,800	0.4	1.1	12,800
Total	6.9	1.7	382,000	14.2	1.3	613,500	21.1	1.5	1,000,000

Note: Discrepancies in totals are a result of rounding

EGERTON (Secured Under Option)

The project includes the high grade Hibernian deposit which contains a resource of **116,400 tonnes @ 6.4 g/t gold for 24,000 ounces** in the Measured, Indicated and Inferred JORC categories (Table 5). The deposit lies on a granted mining lease and previous drilling includes high grade intercepts, **2m @ 147.0 g/t gold**, **5m @ 96.7 g/t gold** and **5m @ 96.7 g/t gold** associated with quartz veining in shallow south-west plunging shoots. The Hibernian deposit has only been drill tested to 70m below surface and there is strong potential to expand the current JORC Resource with drilling testing deeper extensions to known shoots and targeting new shoot positions.

Table 5: Egerton Project: Hibernian Deposit Mineral Resource (2.0g/t Au Cut-off)

Classification	Tonnes	Au g/t	Au Ounces
Measured Resource	32,100	9.5	9,801
Indicated Resource	46,400	5.3	7,841
Inferred Resource	37,800	5.1	6,169
Total	116,400	6.4	23,811

DALGARANGA (80% GCY):

The Dalgaranga project is located approximately 65km by road NW of Mt Magnet in the Murchison gold mining region of Western Australia and covers the majority of the Dalgaranga greenstone belt. After discovery in the early 1990's, the project was developed and from 1996 to 2000 produced 229,000 oz's of gold with reported cash costs of less than \$350/oz.

The project contained a remnant JORC Measured, Indicated and Inferred resources of **13.4 Mt @ 1.7g/t Au for 740,900 ounces** of contained gold.(see Table 6).

Significant exploration potential also remains outside the known resource with numerous historical geochemical prospects only partly tested. The Golden Wings deposit is also open along strike and at depth.

Table 6: Dalgaranga Global Mineral Resource Estimate

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces	Tonnes Mt	Au g/t	Au Ounces
Gilbeys⁽¹⁾				4.7	1.6	240,200	8.2	1.7	445,200	12.9	1.7	685,000
Golden Wings⁽²⁾				0.3	4.0	38,000	0.15	3.1	15,000	0.45	3.7	54,000
Golden Wings Laterite	0.04	0.8	1,000							0.04	0.8	1,000
Vickers Laterite	0.02	1.2	600							0.02	1.2	600
Total	0.06	1.1	1,600	5.0	1.7	278,000	8.35	1.7	460,000	13.4	1.7	740,900

Note: Discrepancies in totals are a result of rounding; unless otherwise stated, the above resources are reported at a 0.7 Au g/t cut-off

(1) Gilbeys resource cut-off 1.0 Au g/t

(2) Golden Wings resource cut-off 2.0 Au g/t

Gascoyne is continuing to evaluate the Glenburgh gold deposits to delineate meaningful increases in the resource base and progress project permitting, while also continuing to explore the Dalgaranga project with the view to moving towards a low capital cost development as rapidly as possible. The Company also has a 15 month option on the Egerton project; where the focus is to assess the economic viability of trucking high grade ore to either Glenburgh or to another processing facility for treatment and exploration of the high grade mineralisation within the region.

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

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

Gascoyne Resources Limited

ABN

57 139 522 900

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(596)	(1,426)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	16	39
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	1
Net Operating Cash Flows	(859)	(2,061)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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		
1.13 Total operating and investing cash flows (carried forward)	(859)	(2,061)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(859)	(2,061)
	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 (provide details if material)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(859)	(2,061)
1.20	Cash at beginning of quarter/year to date	2,061	3,263
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,202	1,202

Payments to directors of the entity, associates of the directors, 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

Director fees \$122k

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

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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

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+ 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	650
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	950

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	552	411
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (Term Deposits)	650	1,650
Total: cash at end of quarter (item 1.22)	1,202	2,061

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Bassit Bore E09/1750	Partial reduction	100%	100%
		E09/1751	Partial reduction	100%	100%
		Dalgaranga E21/173	Withdrawn	80%	0%
		Elphin Bore E52/2812	Withdrawn	100%	0%
		Mullewa E70/4106	Surrendered	100%	0%
		Murchison P20/2209	Withdrawn	100%	0%
	6.2	Interests in mining tenements and petroleum tenements acquired or increased	Bassit Bore E09/2080	Application	0%
		Dalgaranga E21/178	Application	0%	80%
		Dalgaranga E59/1922	Granted	80%	80%
		Elphin Bore E52/2997	Application	0%	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	158,269,520	158,269,520	
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 and oil and gas 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>	900,000 3,900,000	Nil Nil	<i>Exercise price</i> \$0.40 \$0.26	<i>Expiry date</i> 31 August 2014 15 November 2016
7.8	Issued during quarter	3,900,000	Nil	\$0.26	15 November 2016
7.9	Exercised during quarter				
7.10	Expired during quarter	1,800,000 100,000		\$0.40 \$0.40	16 November 2013 31 August 2014
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 January 2014

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 and petroleum 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 or petroleum 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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