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Australian Securities Exchange Limited

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DRILLING AND RESOURCE UPDATE

Exploration is ongoing at the Company's three priority Western Australian gold projects.

Activities include:

- **DALGARANGA PROJECT:**
 - o 3,000m Aircore drill programme just completed
 - o Release of initial results expected next week
 - o Miscellaneous Licences granted for road access to the Mining Lease
 - o Golden Wings Resource update underway following successful recent RC drilling;
 - **16m@ 4.4 g/t gold and 17m @ 3.9 g/t gold** (announced 29th April 2014)
- **EGERTON PROJECT**
 - o ~1,500m RC drill programme scheduled to commence next week, targeting:
 - High grade gold targets within the Gaffney's Find Prospect
 - Extensions to the Gaffney's Find Prospect and
 - Initial test of the Mako geochemical target
- **GLENBURGH PROJECT**
 - o Initial drill testing of the high order Far North East geochemical anomaly to follow the Egerton drilling
 - o Extensional drilling at the Shelby deposit
 - o Extensional drilling at the South West deposit
 - o Glenburgh Resource update underway

Gascoyne Resources Limited is pleased to provide an update on exploration activities on the Company's three advanced gold projects in Western Australia, which contain a total of 1.76 million ounces of gold on granted mining leases (See Figure One).

Dalgaranga Gold Project Update

Following the shallow RC drilling programme, which intersected a number of shallow high grade intersections including **16m@ 4.4 g/t gold, 17m@ 2.2 g/t gold, 17m @ 3.9 g/t gold, 12m @ 2.8 g/t gold** (reported to the ASX on the 29th of April), a regional exploration programme of ~ 3,000m of aircore drilling has been completed. This drilling was wide spaced reconnaissance exploration designed to test a number of conceptual structural targets, approximately 2 km to the north of the Gilbey's deposit (12.9Mt @ 1.7g/t gold for 685,000 oz of contained gold) – See figure Two.

The samples have been submitted to a laboratory in Perth for analysis. Results are expected to be released within the next week.

In addition to the exploration drilling, progress has been made securing the project's tenure, with the grant of two miscellaneous licences (L59/141,142) which link the granted mining lease with public roads. These licences have been granted for 21 years and provide road access into the project (See Figure Two).



The high grade Golden Wings Deposit remains a priority for the company. This deposit provides a potential short to medium term development (and cash flow) option for the company through one of the third party processing facilities in the region. As part of the ongoing evaluation process for the deposit, the current JORC resource is being updated with the recent shallow high grade RC drill intersections (mentioned above). An updated resource is expected to be completed within the next 4 weeks.

Egerton Gold Project Update

As reported in 2013, the company entered an option to purchase agreement to acquire 100% of the high grade Egerton goldfield (see Figure Three). Preliminary feasibility studies have shown the potential for the economic development of the Hibernian resource of 120,000t @ 6.4g/t gold for ~ 24,000oz (see “background of Gascoyne” below for resource classification breakdown and ASX announcement 5th of August 2013).

A number of high grade targets have been identified outside the known deposit including at the Gaffney’s Find prospect, where historical shallow (<50m deep) drill intersections include; **4m @ 72.3g/t gold and 5m @ 15.9g/t gold**. A number of high grade intersections remain untested along strike and down dip.

An RC drill programme of ~ 1,500m has been planned and is scheduled to commence mid next week. Samples will then be forwarded to Perth for analysis, with results expected in 4-5 weeks.

Glenburgh Gold Project Update

At Glenburgh, the Company’s flagship project which contains a +1.0 million ounce gold resource, significant resource and exploration potential remains untested. A number of priority targets have been identified which will be tested by a 1,000m RC drill program that is expected to commence in the last week of June (following the Egerton drilling).

The priority targets to be tested include an initial test of the far North East geochemical anomaly, extensions to the South West Deposit and extensions to the Shelby deposit (where RC drilling in 2013 intersected **14m @ 4.1 g/t** and **17m @ 4.2 g/t gold** – as announced 23rd April 2013) – See Figure Four.

In addition to the ongoing exploration effort, a number of other activities are being undertaken including, an update to the JORC 2004 Glenburgh Resource (21.1Mt @ 1.5g/t gold for 1.0 million ounces – see “background on Gascoyne” below for resource classification). This update is underway and is expected to be completed in the next 2 - 3 weeks and will comply with the JORC 2012 reporting requirements and will include all drilling conducted during 2013.

All of these activities are fully funded from the Company’s existing cash reserves.

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

On behalf of the Board of
Gascoyne Resources Ltd



Michael Dunbar
Managing Director

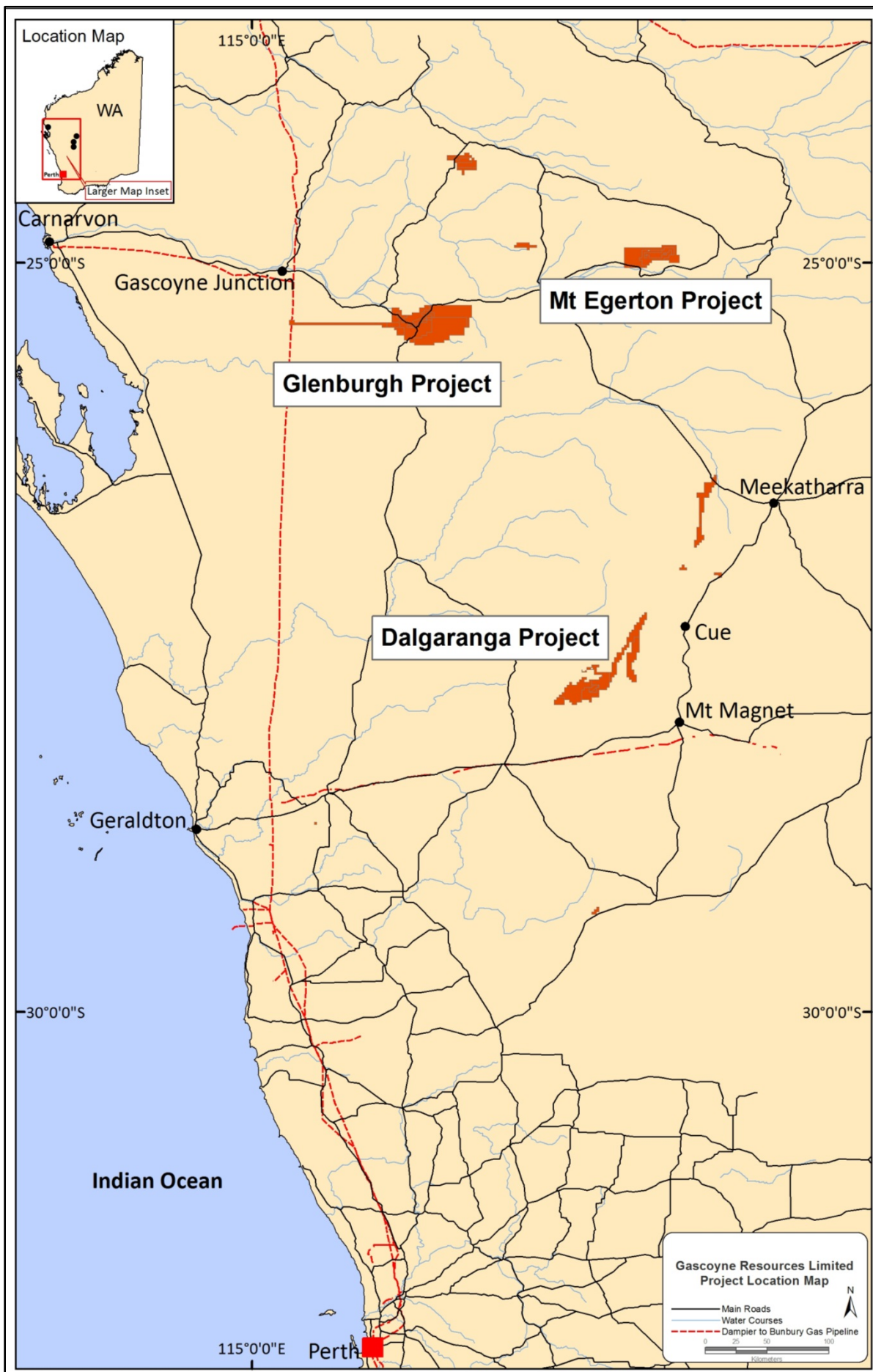


Figure One: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

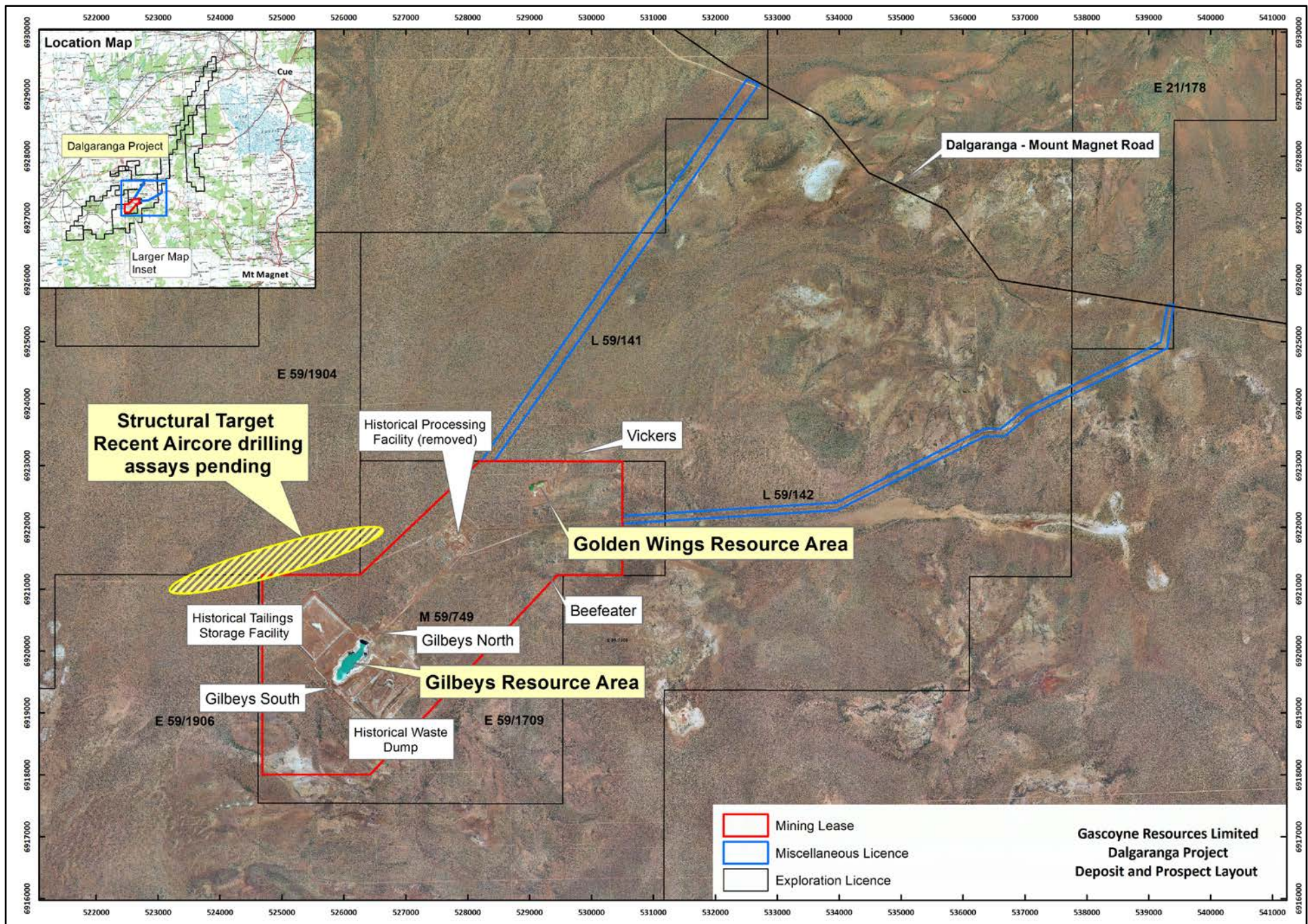


Figure Two: Gascoyne Resources Limited - Dalgaranga Project Overview

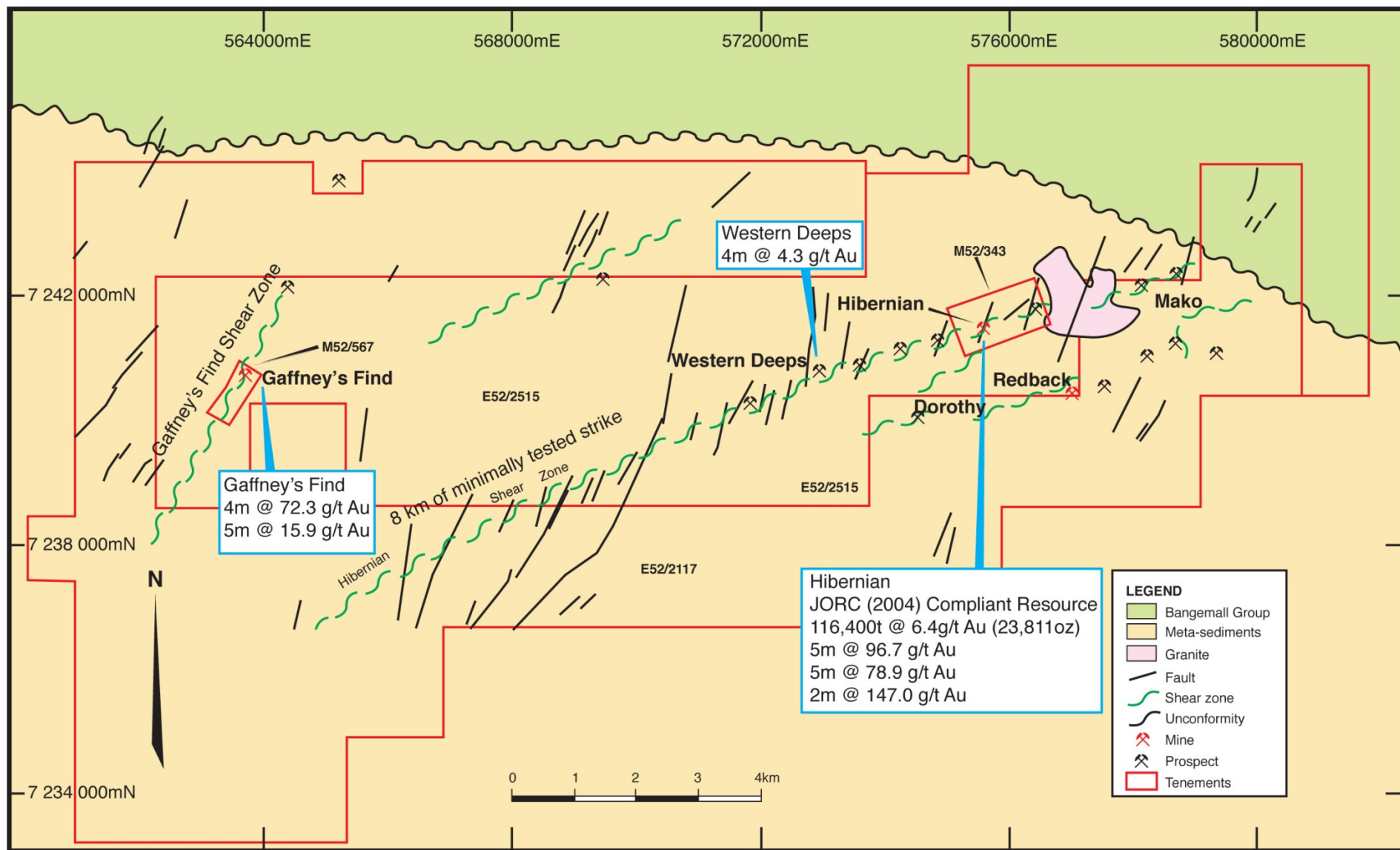


Figure Three: Gascoyne Resources Limited – Egerton Project Overview

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's three main gold projects combined have **1.76 million ounces of contained gold on granted Mining Leases**:

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 1 & 2)

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. 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 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 1: 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 2: 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 (100% GCY - 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 3). 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 3: 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 4).

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 4: 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

Competent Persons Statement

Information in this announcement relating to JORC 2004 resources at the Glenburgh, Dalgaranga and Egerton projects are 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 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. 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 Laterite Dalgaranga 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: Dalgaranga 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 and Gaffney's Find prospect exploration results have 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.