

GASCOYNE RESOURCES LIMITED

ABN 57 139 522 900

FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2014

INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE MOST RECENT ANNUAL REPORT

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CORPORATE DIRECTORY

Directors

Mr Rodney Michael Joyce	Non-Executive Chairman
Mr Michael Dunbar	Managing Director
Mr Gordon Dunbar	Non-Executive Director
Mr John den Dryver	Non-Executive Director
Mr Stanley Macdonald	Non-Executive Director
Mr Graham Riley	Non-Executive Director

Company Secretary

Mrs Eva O'Malley BCom, CA, AGIA

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ASX Listing

ASX Code: GCY

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DIRECTORS' REPORT

The Directors present the financial report of the Group, consisting of Gascoyne Resources Ltd (the Company) and its controlled entities, for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Director's report as follows:

DIRECTORS

The following persons held office as Directors of Gascoyne Resources Limited during the half-year and up to the date of this report. All directors were in office for the entire period.

Mr Rodney Michael Joyce	BSc(Hons), MSc, MAusIMM	Non Executive Chairman
Mr Michael Dunbar	BSc, P Grad Dip (economic geology), MAusIMM	Managing Director
Mr Gordon Dunbar	BSc(Hons), MSc, FAusIMM, FAIG	Non Executive Director
Mr John den Dryver	BE(Mining), MSc, FAusIMM(CP)	Non Executive Director
Mr Stanley Macdonald		Non Executive Director
Mr Graham Riley	B.Juris LLB	Non Executive Director

REVIEW OF OPERATIONS

During the period, the Company signed a conditional heads of agreement with Monument Mining Limited, a Canadian listed mining company, to form a mining and exploration alliance, where by Monument would purchase 50% of Gascoyne's advanced gold projects, by issuing 100 million Monument shares to Gascoyne and participate in a series of placements. In late December, the Company was notified that a number of the conditions precedent to the proposed transaction would not be met as a result of the deterioration in market conditions. As a result, coupled with the considerable drop in the valuation of the consideration shares, the transaction was terminated by mutual consent and Gascoyne retains ownership of the advanced gold projects which contain 1.76 million ounces of gold on granted mining leases in Western Australia.

Since the termination of the proposed transaction, the Company has been approached by a number of mining companies who have expressed an interest in becoming involved in the projects. Options for co-developing or joint venturing of the advanced projects will continue to be assessed.

GLENBURGH

EL09/1325, 1764, 1865, 1866, 1946, 1947 & 2025, ELA 09/2125, ML09/148, L09/56 & 62, LA09/ 65 - 100% Gascoyne

Exploration Activities:

During the period an update to the Glenburgh Mineral Resource estimate was completed to include the drilling completed during 2013. The new (JORC 2012) Measured, Indicated and Inferred Mineral Resource estimate has confirmed Glenburgh as a + 1.0 million ounce gold system (21.5Mt @ 1.5g/t gold for 1.003Moz at a 0.5g/t cut off - see Table 1-3 and Figure 1&2).

One of the most significant steps forward for the project is the identification of a maiden Measured Mineral Resource at Glenburgh. The Measured portion of the Mineral Resource contains a total of 180,500 ounces (at a 0.5g/t cut-off). This adds to the confidence in the Mineral Resource and to the project as a whole. Notably, the grade of the Measured Mineral Resource at 2.0g/t is substantially higher than the other portions of the deposit, suggesting that where zones are better drilled and defined, the grade improves.

Additionally, a number of high grade domains have been identified within the overall global Mineral Resource. These high grade domains (+2.0g/t zones) contain a total of:

2.09Mt @ 4.1 g/t gold for 273,000 ounces
(See Table 3 for details)

DIRECTORS' REPORT

These higher grade portions of the resource allow a range of development options to be considered. These include optimisation of the plant throughput. Up until now the preliminary feasibility envisaged a larger tonnage lower grade development (The 2013 Preliminary Feasibility Study – released to the ASX on August 5th 2013 envisaged a 1.2Mtpa process plant with an average grade of 2.0g/t gold). With the identification of these higher grade zones, a smaller throughput, higher grade option may provide a better economic outcome for the company, as the capital cost of a lower tonnage; higher grade development could be substantially lower.

See ASX Announcement 24th July 2014 titled “High Grade Domains Identified within Updated Glenburgh Gold Mineral Resource” for more details on the resource estimate.

Exploration was also undertaken during the period, which resulted in the discovery of the Chevelle prospect. This discovery has extended the Glenburgh gold system to over 18km along strike and remains open along strike to the north east and south west. (See ASX Announcement 11 August 2104 for details and Figure 2). The best result returned was;

4m @ 8.4 g/t from 44m in GLAC 521

Gold mineralisation is hosted in the typical Glenburgh geological sequence of quartz-feldspar–biotite–garnet gneiss. Importantly at the current drill spacing, the results are similar to what was initially intersected above the Zone 126 deposit, which has since grown to 2.0Mt @ 2.5 g/t gold for 166,000 ounces (see Table 2 for resource classification).

The gold mineralisation at Chevelle remains open along strike and depth and demonstrates that the soil geochemical anomalies in the north east area of the project are highly prospective and need further assessment as part of the ongoing exploration programme at the +1.0 million ounce Glenburgh gold project.

Glenburgh Forward Program:

Additional drilling is currently being planned to follow up the results from the Chevelle area and to further investigate the gold soil geochemical anomalies in the north eastern area of the Glenburgh project. In addition to the exploration activities, pit optimisations will be undertaken on the new Glenburgh Mineral Resource and with updated mining costs. It is likely that the optimisations will lead to a revision of the mining studies and an update to the feasibility study.

DALGARANGA

ELA21/184 & 185, EL59/1709, 1904, 1905 & 1906, ML 59/749, L59/141 & 142 - 80% Gascoyne

Exploration Activities:

No on ground exploration was undertaken during the period at Dalgaranga; however additional exploration drilling has been planned. This drilling is expected to be a combination of infill drilling (between and along the current drill lines) as well as extensional drilling to the west along the mineralised trend. This drilling is expected to be completed in Q2 2015, once all government approvals are received. In addition to the ongoing exploration effort, the Scoping Study for the project is expected to be completed in Q1 of 2015.

Dalgaranga Forward Program:

The Scoping Study is nearing completion. This study when completed is likely to form the basis for further evaluation of the development opportunities at the project. Given the recent strength in the gold price in Australian dollars, the potential for the project to be developed has increased. Once the Scoping Study is complete, it is likely that a pre-feasibility study will be undertaken to better define the project economics.

DIRECTORS' REPORT

Egerton

EL52/2117, 2515 & 2866, ML52/343 & 567 - 100% Gascoyne

Exploration Activities:

During the period the first drill programme on the Egerton Project for over 9 years was completed. The drilling targeted extensions to the Gaffney's Find prospect and an initial test of a portion of the Mako soil anomaly (see Figures 1& 3-5). As reported to the ASX on the 20th of July and 1st of September 2014, the drilling intersected significant high grade mineralisation up to 72.9 g/t gold.

Results included:

Gaffney's Find Prospect:

- 8m @ 11.4 g/t gold from 31m, including 4m @ 21.2 g/t gold
- 4m @ 9.0g/t gold from 44m, including 1m @ 31.6 g/t gold
- 2m @ 13.7 g/t gold from 9m

Mako Prospect:

- 7m @ 2.1 g/t gold from 40m

Following the high grade drill intersections at the Gaffney's Find prospect, soil sampling along strike has also been completed. This sampling identified an extension of over 150m to the known mineralisation at Gaffney's Find, bringing the current extent of the high grade anomaly to over 500m (see ASX announcement 14th January 2015 and Figure 6).

In addition to the extension at Gaffney's, another anomaly has been identified along strike to the north east, at Gaffney's Find North. This high priority target extends for over 400m and remains untested by modern exploration techniques.

As a result of the successful drill programmes, the company exercised its option to purchase the project. This resulted in the issue of 4,166,667 Gascoyne shares to Exterra Resources Ltd and 500,000 Gascoyne options, exercisable at 25c within a 3 year term.

Egerton Forward Programme:

Drill testing of the high priority surface anomalies has been planned. The regulatory approvals required have been received and drilling is expected to be undertaken late in the first calendar quarter of 2015.

OTHER PROJECTS

(Elphin Bore, Bassit Bore, Mt James, Higginsville and Murchison)

No field exploration was undertaken during the period. A review of the non-core tenements has been undertaken resulting in a number of tenements being either partly relinquished or fully surrendered.

This rationalisation will result in a substantial saving in annual tenement rents and rates as well as a substantial reduction in the annual tenement expenditure requirements.

DIRECTORS' REPORT

GOLD RESERVES & RESOURCES

Table One: Glenburgh Deposits
2014 Mineral Resource Estimate (0.5g/t Au Cut-off)

Type	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
Transitional	0.2	1.7	11,800	0.4	1.3	17,000	1.4	1.1	51,000	2.0	1.2	79,000
Fresh	2.7	2.0	168,800	4.2	1.6	215,000	12.5	1.4	540,000	19.3	1.5	923,000
Total	2.9	2.0	180,500	4.6	1.6	232,000	13.9	1.3	591,000	21.3	1.5	1,003,000

Note: Totals may differ due to rounding, Mineral Resources reported on a dry basis

Table Two: Glenburgh Deposits - Area Summary
2014 Mineral Resource Estimate (0.5g/t Au Cut-off)

Area	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
Icon	1.7	1.5	82,500	1.7	1.4	77,000	4.1	1.3	168,000	7.6	1.3	328,000
Apollo	0.9	2.4	67,400	0.3	1.3	14,000	1.5	1.4	67,000	2.7	1.7	149,000
Tuxedo				0.7	1.2	29,000	1.2	1.0	37,000	1.9	1.1	66,000
Mustang				0.2	1.3	7,000	1.0	1.1	35,000	1.1	1.2	42,000
Shelby				0.2	1.4	10,000	0.6	1.1	21,000	0.8	1.2	32,000
Hurricane				0.1	1.6	3,000	0.5	1.1	16,000	0.5	1.2	19,000
Zone 102				0.9	1.9	56,000	1.2	1.3	50,000	2.1	1.6	106,000
Zone 126	0.2	4.0	30,500	0.4	2.9	35,000	1.4	2.2	101,000	2.0	2.5	166,000
NE3							0.2	1.5	11,000	0.2	1.5	11,000
Torino							1.6	1.3	64,000	1.6	1.3	64,000
SW Area							0.6	1.0	20,000	0.6	1.0	20,000
Total	2.9	2.0	180,500	4.6	1.6	232,000	13.9	1.3	591,000	21.3	1.5	1,003,000

Note: Totals may differ due to rounding, Mineral Resources reported on a dry basis

Table Three: Glenburgh Deposits – High Grade Domains (+2.0g/t)
2014 Mineral Resource Estimate (0.5g/t Au Cut-off)

Area	Measured			Indicated			Inferred			Total		
	tonnes Kt	Au g/t	Au Ounces	tonnes Kt	Au g/t	Au Ounces	tonnes Kt	Au g/t	Au Ounces	tonnes Kt	Au g/t	Au Ounces
Icon				70	4.7	10,000	40	3.7	5,000	110	4.3	15,000
Apollo	309	4.8	48,000	10	6.4	1,000	230	2.5	18,000	540	3.9	68,000
Mustang				30	2.0	2,000	80	2.4	6,000	110	2.3	8,000
Hurricane							10	3.1	1,000	10	3.1	1,000
Zone 102				410	2.8	38,000	190	2.2	13,000	610	2.6	51,000
Zone 126	162	5.6	29,100	190	4.9	30,000	320	6.5	68,000	680	5.8	127,000
SW Area							30	2.3	2,000	30	2.3	2,000
Total	471	5.1	77,100	710	3.6	82,000	910	3.9	114,000	2,090	4.1	273,000

Note: Totals may differ due to rounding, Mineral Resources reported on a dry basis

DIRECTORS' REPORT

Table Four: 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	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

Table Five: 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

Note: Totals may differ due to rounding



Figure One: Gascoyne Resources Project Locations

DIRECTORS' REPORT

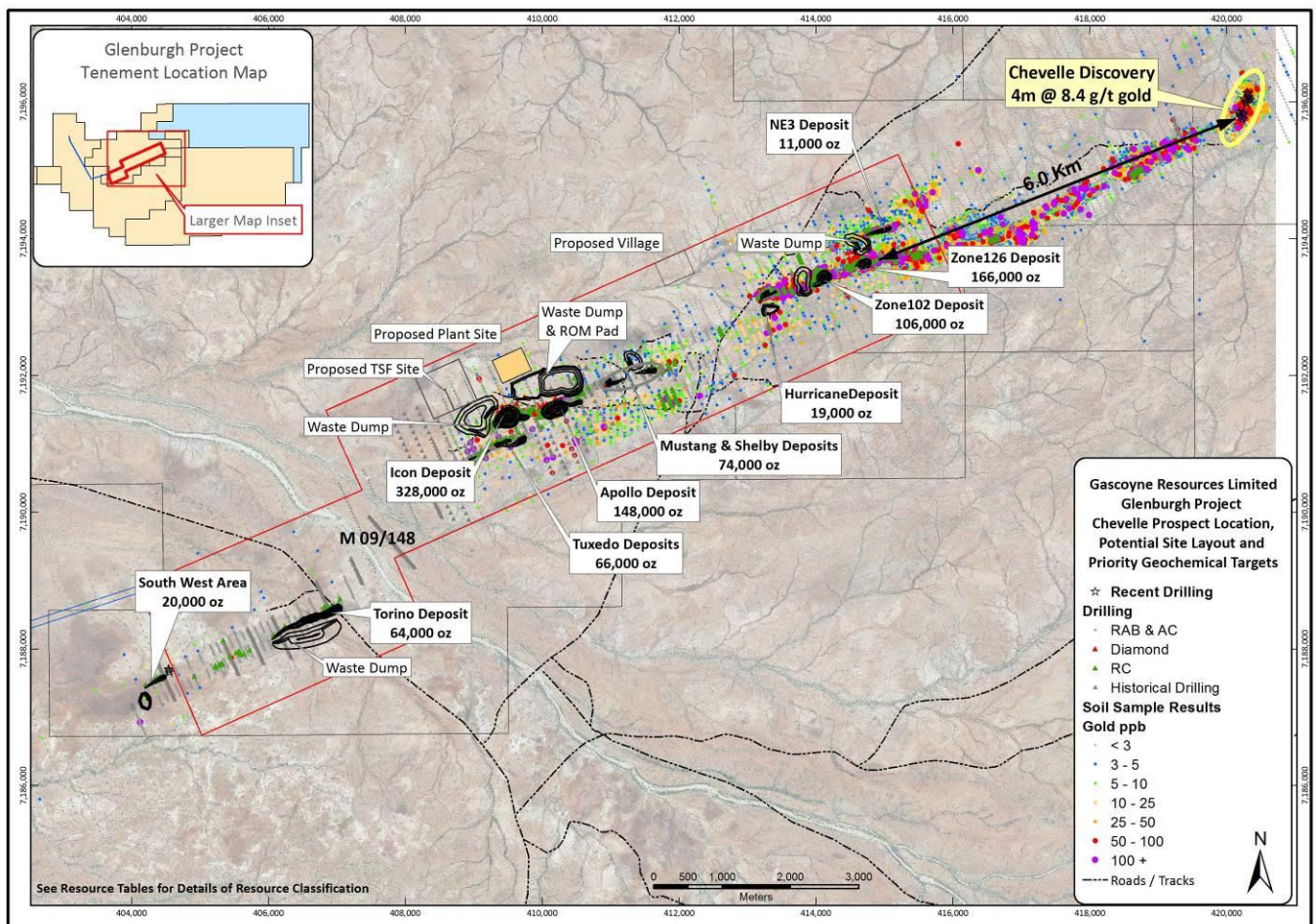


Figure Two: Glenburgh Project, Deposit and Prospect Locations, conceptual site layout and Soil Geochemical Anomalies

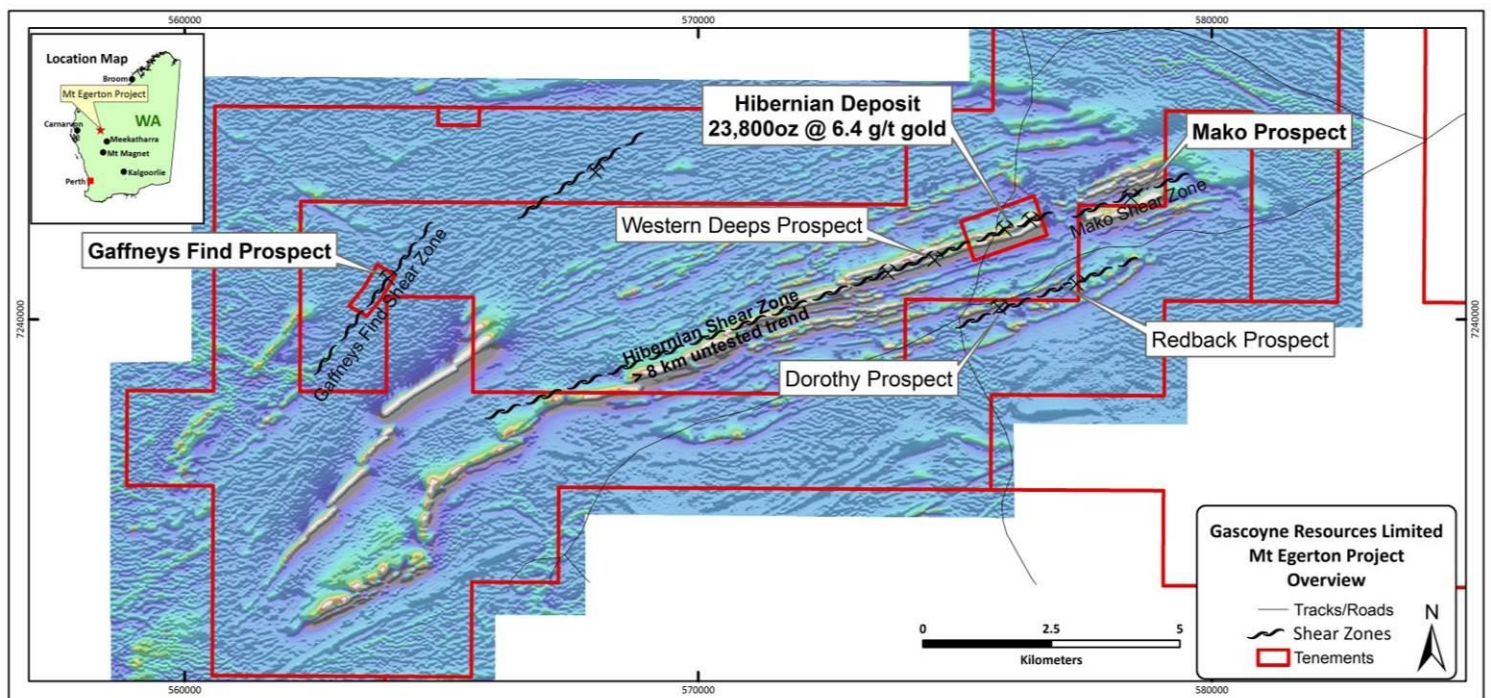


Figure Three: Egerton Project Overview

DIRECTORS' REPORT

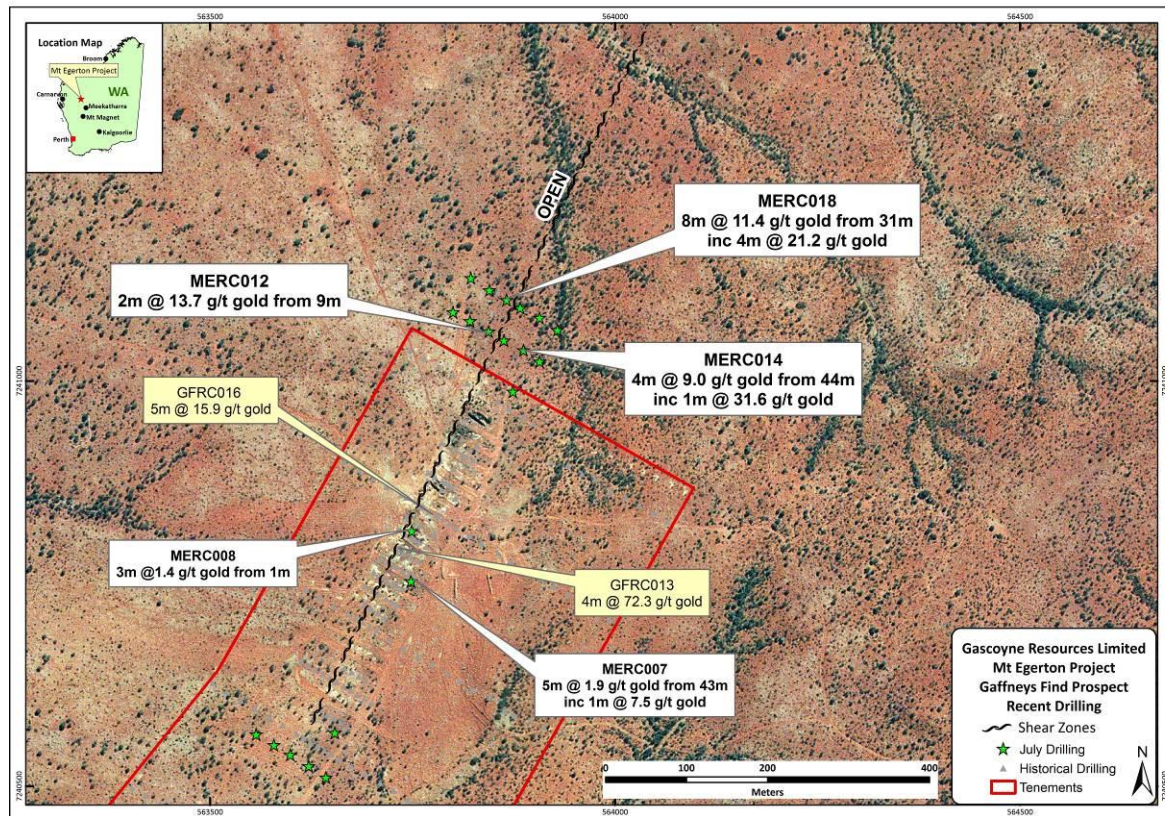


Figure Four: Gaffney's Find Prospect with July RC Drilling and High Grade Intersections

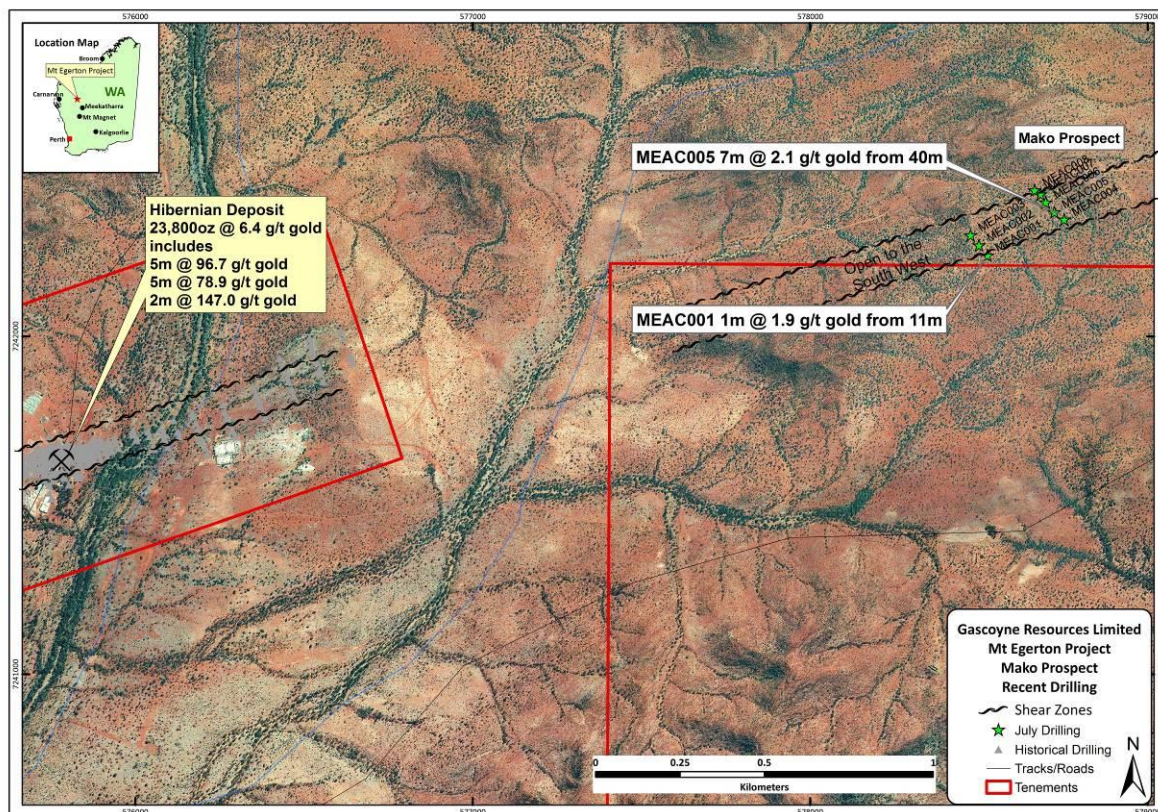


Figure Five: Mako Prospect with July Drilling and Significant Intersections

DIRECTORS' REPORT

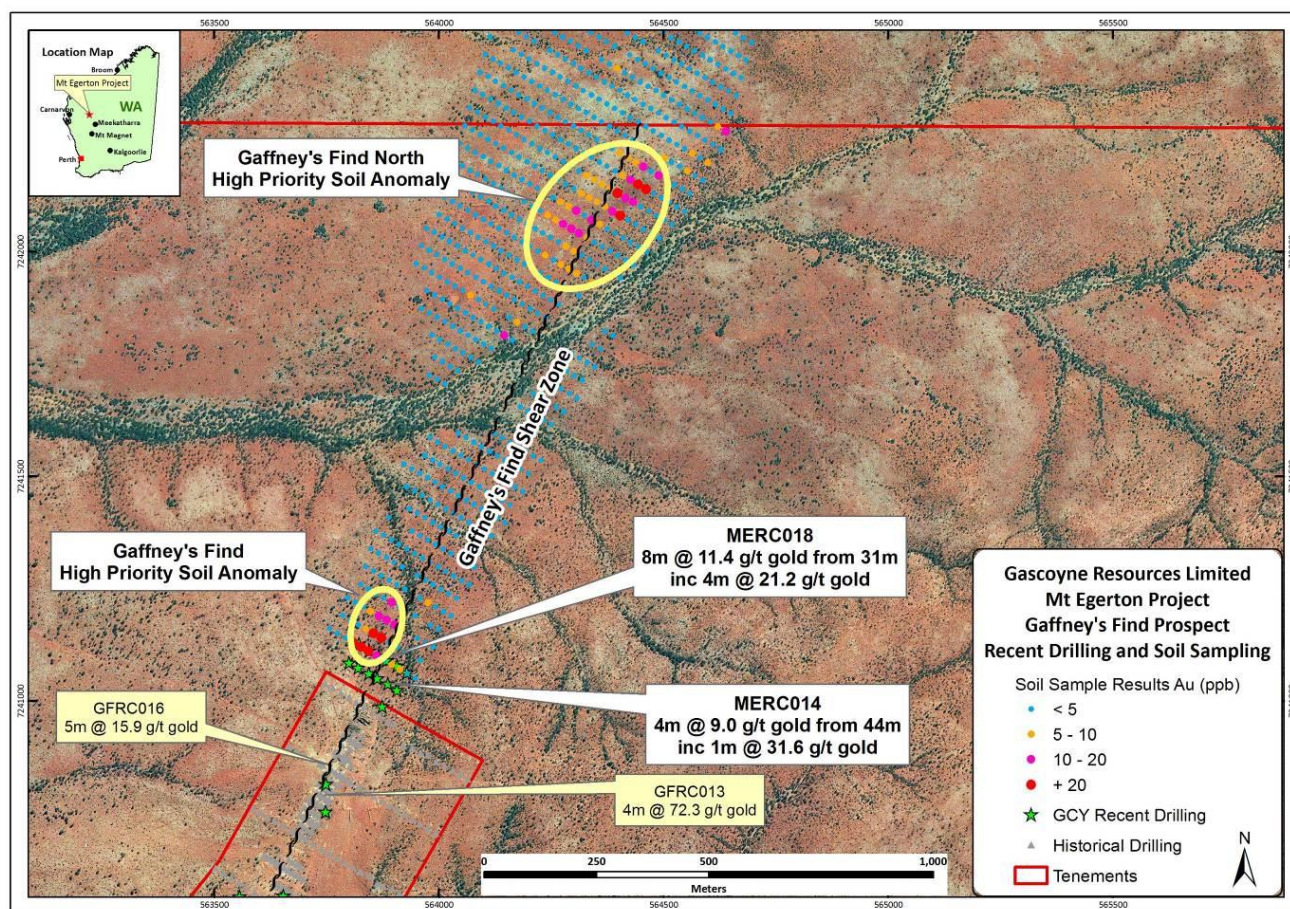


Figure Six: Gaffney's Find Prospect with July RC Drilling and Recent Soil Sample Results

Competent Persons Statement

Information in this announcement relating to exploration results for the Dalgaranga, Glenburgh and Egerton projects 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 2012 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 Glenburgh Mineral Resources have been estimated by RungePincockMinarco Limited, 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 24th July 2014 titled: High Grade Domains Identified Within Updated Glenburgh Gold Mineral Resource). 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 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 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.

DIRECTORS' REPORT

FINANCIAL RESULT

The net consolidated loss of the Group for the half-year ended 31 December 2014, after provision for income tax was \$418,233 (2013: \$1,523,966).

SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2014 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than that outlined in Note 8 to the accounts.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 11 of this half-year financial report.

This report is made and signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.



R M Joyce
Chairman

Dated this 12th day of March 2015

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**Auditor's Independence Declaration
To The Directors of Gascoyne Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Gascoyne Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 12 March 2015

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Independent Auditor's Review Report To the Members of Gascoyne Resources Limited

We have reviewed the accompanying half-year financial report of Gascoyne Resources Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Gascoyne Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Gascoyne Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gascoyne Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$418,233 and cash outflows from operating activities of \$386,780 for the period ended 31 December 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 12 March 2015

DIRECTORS' DECLARATION

In the opinion of the Directors of Gascoyne Resources Limited:

1. The consolidated financial statements and notes of Gascoyne Resources Limited are in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting and give a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Gascoyne Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



R M Joyce
Chairman

Dated this 12th day of March 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2014

		Consolidated	
	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current			
Cash and cash equivalents		574,997	1,007,810
Trade and other receivables		419,802	84,223
Total Current Assets		994,799	1,092,033
Non-Current			
Property, plant and equipment		54,908	84,231
Exploration and evaluation expenditure		22,298,553	21,067,798
Other assets		50,000	50,000
Total Non-Current Assets		22,403,461	21,202,029
TOTAL ASSETS		23,398,260	22,294,062
LIABILITIES			
Current			
Trade and other payables		364,267	659,207
Employee benefits		101,187	105,006
TOTAL LIABILITIES		465,454	764,213
NET ASSETS		22,932,806	21,529,849
EQUITY			
Share capital	3	28,372,153	26,622,153
Reserves		324,150	401,280
Accumulated losses		(5,763,497)	(5,493,584)
TOTAL EQUITY		22,932,806	21,529,849

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

		Consolidated	
	Note	31 December 2014	31 December 2013
		\$	\$
Revenue from continuing operation			
Interest revenue		9,552	38,433
Other revenue		62,545	2,334
		<u>72,097</u>	<u>40,767</u>
Expenses			
Employment costs		(258,594)	(441,951)
Audit and accountancy		(16,549)	(11,299)
Corporate marketing		(16,215)	(56,568)
Depreciation		(30,414)	(33,365)
Impairment of exploration and evaluation assets	2	(358,802)	(883,641)
IT costs		(14,031)	(10,742)
Overhead allocation to exploration		81,046	77,526
Premises costs		(91,836)	(84,094)
Travel expenses		(13,123)	(22,734)
Other general and admin expenses		(116,458)	(97,865)
		<u>(834,976)</u>	<u>(1,564,733)</u>
Loss before tax		(762,879)	(1,523,966)
Income tax benefit		344,646	-
Loss for the period		(418,233)	(1,523,966)
Other Comprehensive Income			
Other comprehensive income		-	-
Tax relating to comprehensive income		-	-
Total Comprehensive Loss attributable to members of Gascoyne Resources Limited		(418,233)	(1,523,966)
Loss per share			
Basic (cents per share)		(0.3)	(1.0)
Diluted (cents per share)		(0.3)	(1.0)

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Operating Activities		
Payments to suppliers and employees	(463,622)	(675,326)
Interest received	9,873	39,756
Other revenue received	66,969	-
Net cash used in operating activities	(386,780)	(635,570)
Investing Activities		
Payments for capitalised exploration and evaluation expenditure	(984,824)	(1,424,940)
Payment for Option Extension – Exterra Resources	(55,005)	-
Purchase of property, plant and equipment	(6,204)	-
Net cash used in investing activities	(1,046,033)	(1,424,940)
Financing Activities		
Proceeds from issue of shares	1,000,000	-
Net cash provided by financing activities	1,000,000	-
Net change in cash and cash equivalents	(432,813)	(2,060,510)
Cash and cash equivalents, beginning of period	1,007,810	3,262,613
Cash and cash equivalents, end of period	574,997	1,202,103

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2014

	Share Capital Ordinary \$	Options Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.2014	26,622,153	401,280	(5,493,584)	21,529,849
Loss for the year	-	-	(418,233)	(418,233)
Total comprehensive loss for the year	-	-	(418,233)	(418,233)
Transactions with owners:				
Shares issued during the year	1,750,000	-	-	1,750,000
Options issued during the year	-	39,450	-	39,450
Employee incentive options vested	-	31,740	-	31,740
Employee incentive options expired	-	(148,320)	148,320	-
Balance at 31.12.2014	28,372,153	324,150	(5,763,497)	22,932,806
Balance at 1.7.2013	26,622,153	404,560	(4,384,646)	22,642,067
Loss for the year	-	-	(1,523,966)	(1,523,966)
Total comprehensive loss for the year	-	-	(1,523,966)	(1,523,966)
Transactions with owners:				
Employee incentive options issued	-	200,750	-	200,750
Employee incentive options expired	-	(256,240)	256,240	-
Balance at 31.12.2013	26,622,153	349,070	(5,652,372)	21,318,851

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2014

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

Financial Reporting Framework

These general purpose financial statements for the interim reporting period ended 31 December 2014 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations including AASB 134: Interim Financial Reporting, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It is recommended the interim financial statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2014 together with any public announcements made by Gascoyne Resources Limited during the half-year.

Statement of Compliance

The interim financial report for Gascoyne Resources Limited for the half-year period ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 12th March 2015.

Going Concern

For the year ended 31 December 2014, the Group incurred a net loss of \$418,233 (2013: \$1,523,966) and had net operating cash outflows of \$386,780 (2013: \$635,570). The Directors consider the basis of going concern to be appropriate for the following reasons:

- the company will be closely managing expenditure, including reduction in staff and office costs;
- a research and development tax refund in relation to the year ended 30 June 2014 was received in March 2015;
- the underlying prospects for the Company to raise funds from the capital markets;
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (ie. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same) and may be slowed or suspended as part of the Group's working capital and other forecasted commitments.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Should the Group be unable to undertake the initiatives disclosed above, there is uncertainty which may cast doubt whether the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that may be necessary should the company and consolidated entity not be able to continue as a going concern.

Notes to the Half-Year Financial Statements

31 December 2014

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

Critical Accounting Estimates and Other Accounting Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group is of the view that there are no critical accounting estimates and judgements in this financial report, other than accounting estimates and judgements in relation to the carrying value of mineral exploration expenditure.

2. IMPAIRMENT OF MINERAL ASSETS CARRYING VALUE

During the financial period the Group conducted an assessment of the carrying value of its exploration assets pursuant to its accounting policy. As a result of the assessment of the economic recoverability of certain tenements, the Group made a provision for impairment of \$358,802 (2013: \$883,641) against the carrying value of its exploration and evaluation expenditure.

3. FULLY PAID ORDINARY SHARES	2014 No.	2013 No.	2014 \$	2013 \$
Balance at beginning of financial year	158,269,520	158,269,520	26,622,153	26,622,153
Issue of shares at \$0.25 Monument Initial Subscription (a)	4,000,000	-	1,000,000	-
Issue of shares at \$0.18 Egerton acquisition	4,166,667	-	750,000	-
Balance at end of half-year	166,436,187	158,269,520	28,372,153	26,622,153

(a) It is noted that the company does not have any obligation to repay this initial subscription as a result of the termination of the agreement with Monument Mining.

Notes to the Half-Year Financial Statements

31 December 2014

4. OPTIONS	2014 No.	2013 No.	2014 \$	2013 \$
Balance at beginning of financial year	4,800,000	2,800,000	401,280	404,560
(a) Options @ \$0.25 exercisable on or before 24 September 2017				
Issued	500,000	-	39,450	-
(b) Options @ \$0.26 exercisable on or before 15 November 2016				
Issued	-	3,900,000	-	200,750
Vested	-	-	31,740	-
(c) Options @ \$0.40 exercisable on or before 31 August 2014				
Expired	(900,000)	-	(148,320)	-
Cancelled	-	(100,000)	-	(16,480)
(d) Options @ \$0.40 exercisable on or before 16 November 2013				
Expired	-	(1,800,000)	-	(239,760)
Balance at end of half-year	4,400,000	4,800,000	324,150	349,070

(a) Options @ \$0.25 exercisable on or before 24 September 2017

Number issued: 500,000 options issued to Exterra Resources Ltd
 Grant date: 24 September 2014
 Issue date: 24 September 2014
 Vesting conditions: None
 Notional value: \$0.0789 each¹

¹ Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Options is outlined below based on the following assumptions:

- the Options expire on 24 September 2017 and are exercisable at \$0.25 each;
- a share price of \$0.18. This has been based on the share price at grant date;
- a volatility factor of 78% based on historical share price information;
- an interest rate of 2.66%;
- the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
- the valuation date for the Options was 24th September 2014.

(b) Options @ \$0.26 exercisable on or before 15 November 2016

Number issued: 3,900,000 employee incentive options
 Grant date: 14 November 2013
 Issue date: 15 November 2013
 Vesting conditions: 2,750,000 vesting immediately; 1,150,000 vesting 12 months from issue date
 Notional value: \$0.073 each²

Notes to the Half-Year Financial Statements

31 December 2014

² Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Incentive Options is outlined below based on the following assumptions:

- a. the Incentive Options expire on 15 November 2016 and are exercisable at \$0.26 each;
- b. a share price of \$0.17. This has been based on the share price at grant date;
- c. a volatility factor of 80% based on historical share price information;
- d. an interest rate of 3.00%;
- e. the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- f. the valuation date for the Incentive Options was 14th November 2013.

(c) Options @ \$0.40 exercisable on or before 31 August 2014

Number issued:	1,000,000 employee incentive options
Grant date:	12 September 2011
Issue date:	15 September 2011
Vesting conditions:	50% vesting immediately; 50% vesting 12 months from issue date
Notional value:	\$0.1648 each ³

³ Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Incentive Options is outlined below based on the following assumptions:

- a. the Incentive Options expire on 31 August 2014 and are exercisable at \$0.40 each;
- b. a share price of \$0.29. This has been based on the share price at grant date;
- c. a volatility factor of 100% based on historical share price information;
- d. an interest rate of 3.52%;
- e. the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- f. the valuation date for the Incentive Options was 12th September 2011.

(d) Options @ \$0.40 exercisable on or before 16 November 2013

Number issued:	1,800,000 employee incentive options
Grant date:	16 November 2011
Issue date:	16 November 2011
Vesting conditions:	50% vesting immediately; 50% vesting 12 months from issue date
Notional value:	\$0.1332 each ⁴

⁴ Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Incentive Options is outlined below based on the following assumptions:

- a. the Incentive Options expire on 16 November 2013 and are exercisable at \$0.40 each;
- b. a share price of \$0.29. This has been based on the share price at grant date;
- c. a volatility factor of 100% based on historical share price information;
- d. an interest rate of 3.31%;
- e. the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- f. the valuation date for the Incentive Options was 16th November 2011.

5. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed on the basis it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright ownership are considered one business segment and the minerals currently being targeted include gold and base metals in Western Australia.

Notes to the Half-Year Financial Statements

31 December 2014

6. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the requirements as specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure. It is anticipated that expenditure commitments for the next twelve months will be tenement rentals of \$162,868 and exploration expenditure of \$1,056,400.

7. CONTINGENT LIABILITIES

The Company currently has bank guarantees to the value of \$50,000 to secure a credit card facility.

8. EVENTS SUBSEQUENT TO REPORTING DATE

In March 2015 the Group received a research and development tax refund in relation to the year ended 30 June 2014 of \$345,000.

The Directors are not aware of any matter or circumstance, other than disclosed, that has arisen since 31 December 2014 which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

TENEMENT SCHEDULE

Tenement	Location	Name	Mineral	Ownership
EL09/1751	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
ELA09/2080	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
ELA51/1681	Gascoyne Region	Beebyn	Gold	100% Gascoyne Resources
ELA21/184	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA21/185	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1709	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1904	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1905	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1906	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
L59/141	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
L59/142	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ML59/749	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA52/3218	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
EL09/2025	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2125	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
L09/56	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
L09/62	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
LA09/65	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ML09/148	Gascoyne Region	Glenburgh	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
EL51/1551	Murchison Region	Illagalara Pool	Gold	100% Gascoyne Resources
ELA51/1648	Murchison Region	Murchison	Gold	100% Gascoyne Resources
EL52/2117	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
EL52/2515	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
EL52/2866	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ML52/343	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ML52/567	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ELA52/3246	Gascoyne Region	Mt James	Gold	100% Gascoyne Resources
ELA09/2111	Gascoyne Region	Mt James	Gold	100% Gascoyne Resources
EL20/799	Murchison Region	Murchison	Gold	100% Gascoyne Resources
EL20/773	Murchison Region	Tuckanarra	Gold	100% Gascoyne Resources

Abbreviations and Definitions used in Schedule:

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