GASCOYNE RESOURCES LIMITED
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March 2nd, 2016
Australian Securities Exchange Limited
Via Electronic Lodgement

LOW CAPEX WA GOLD DEVELOPMENT CONFIRMED FOR DALGARANGA

- **A 2.5Mtpa Process Plant has been designed and costed to an accuracy of +/- 25% as part of the Dalgaranga Gold Project PFS that is nearing completion.**
- **The design and flowsheet has been developed from recent and historical testwork and historical production records, reducing the development risk and uncertainty**
- **Cost estimates for the new plant and associated infrastructure confirm low capital costs for the project**
    - **Process Plant Capital Cost $60.5M (inclusive of contingencies)**
    - **Associated Infrastructure Costs $14.5M (inclusive of contingencies)**
- **Dalgaranga Gold Project Pre-Feasibility Study (PFS) is on track for March 2016 completion**

Gascoyne Resources Limited ("Gascoyne" "the Company") **(ASX:GCY)** is pleased to announce that the preferred process plant design and flowsheet has been completed along with the capital cost estimate for the proposed gold processing plant and associated infrastructure at the Company's 80% owned Dalgaranga Gold project in the Murchison region of Western Australia (see Figure 1 & 2). Dalgaranga contains a recently upgraded (ASX announcement February 24th 2016) Measured, Indicated and Inferred Resource of **23.7Mt @ 1.4 g/t gold for 1.05 million ounces of contained gold**. The flowsheet, design and capital cost estimate has been completed by the engineering group Mintrex, which has been involved in the flowsheet development and plant design of some of the most successful gold project developments in Western Australia in recent years.

The design and flowsheet developed and costed by Mintrex as a key part of the Dalgaranga Pre-Feasibility Study (PFS), confirms the project will be a substantially lower cost development than a typical goldfields development of the same size due to a number of favourable characteristics of the project.

There are a number of characteristics of Dalgaranga that result in relatively low capital costs when compared to operations of a similar scale, including the soft nature of the ore. This results in a considerably lower installed power requirement that significantly reduces the capital cost.

Along with the soft ore, the gold is very easily liberated, resulting in a relatively coarse grind (106 µm) and rapid leaching. The existing tailings storage facility (TSF) can also be utilised, which reduces the pre-production capital as only a TSF lift is needed and not a whole new facility.

These attributes, when combined, result in a total saving of around $35-50 million when compared to a greenfields development containing hard ore requiring a fine grind.

Gascoyne's Managing Director Mr Mike Dunbar commented;
"*Confirmation that the Dalgaranga Gold Project can be progressed with a relatively low capital cost is very welcome news. The deposits at Dalgaranga have a number of unique characteristics that Gascoyne and Mintrex have identified which will result in lower than normal capital and operating costs, including the very soft nature of the ore, the excellent metallurgical recoveries, rapid leaching and very low reagent consumptions. When combined these make a very substantial impact on the costs for development.*

I would like to acknowledge the efforts of Mintrex and in particular Mr Ian Kerr and Mr Tom Kendall during the PFS and the way in which they have incorporated the highly detailed historical production data that we have acquired as well as the

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recent and historical metallurgical data. This information (and the interpretation of it) significantly de-risks the project and the engineering required for development.
The PFS, which is expected to result in a development case for ~ 100,000ozpa for around 6 years is nearing completion and is on track to be completed by the end of March."

Highlights from the process plant design and capital cost estimate include:

- A new 2.5Mtpa Processing Plant with a single stage crushing and single stage SAG milling flowsheet including gravity gold recovery and intensive leaching, classification, leaching and absorption tanks, elution, electrowinning and smelting (see Figures 3 to 5)
- The Dalgaranga Process Plant flowsheet is broadly based on similar plant designs utilised at Regis Resources' Moolart Well Gold Project and Equigold's Bonikro Gold Project.
- Existing Infrastructure will be used where possible and will be supplemented by new ancillary services.
- The existing TSF will be used for the development and a wall lift has been allowed for in the capital cost.
- Capital cost estimate has been completed and with an average contingency of 15% added to the estimate.
- Process plant capital cost (including contingency) of $60.5 million.
- Ancillary infrastructure capital cost (including contingency) of $14.5 million.
- The working capital required for the development is still being prepared along with the mining schedule.

Forward Programme:
The Dalgaranga Gold Project Pre-Feasibility Study (PFS) is on schedule for completion by the end of March. The mining schedule is nearing completion, which will feed directly into the financial modelling of the project. It is expected that the project will produce around 100,000ozpa of gold with a mine life of around 6 years from the known resources.

In addition to the PFS, exploration is ongoing with followup drilling around the Hendricks discovery commencing next week along with further drilling at the Beefeater, Vickers, Gilbeys North, Gilbeys South and Caorunn prospects (see Figure 2). This drilling is expected to be completed by the end of March, with results expected to be received gradually from late March to mid April.

Additional information will be provided as it becomes available.

For further information please refer to the Company's website or contact the Company directly.

On behalf of the Board of
Gascoyne Resources Ltd

Michael Dunbar
Managing Director

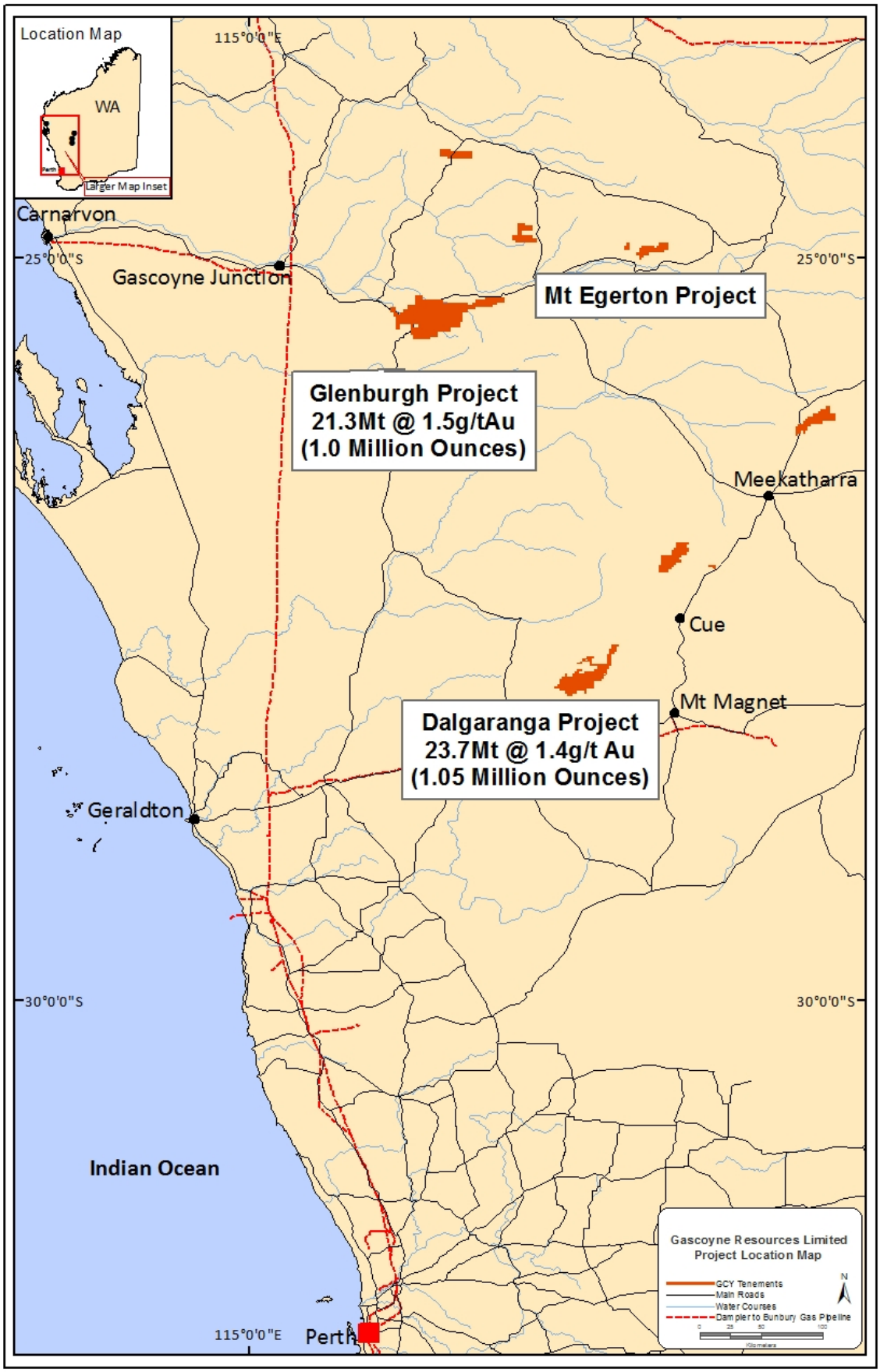


Figure 1: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

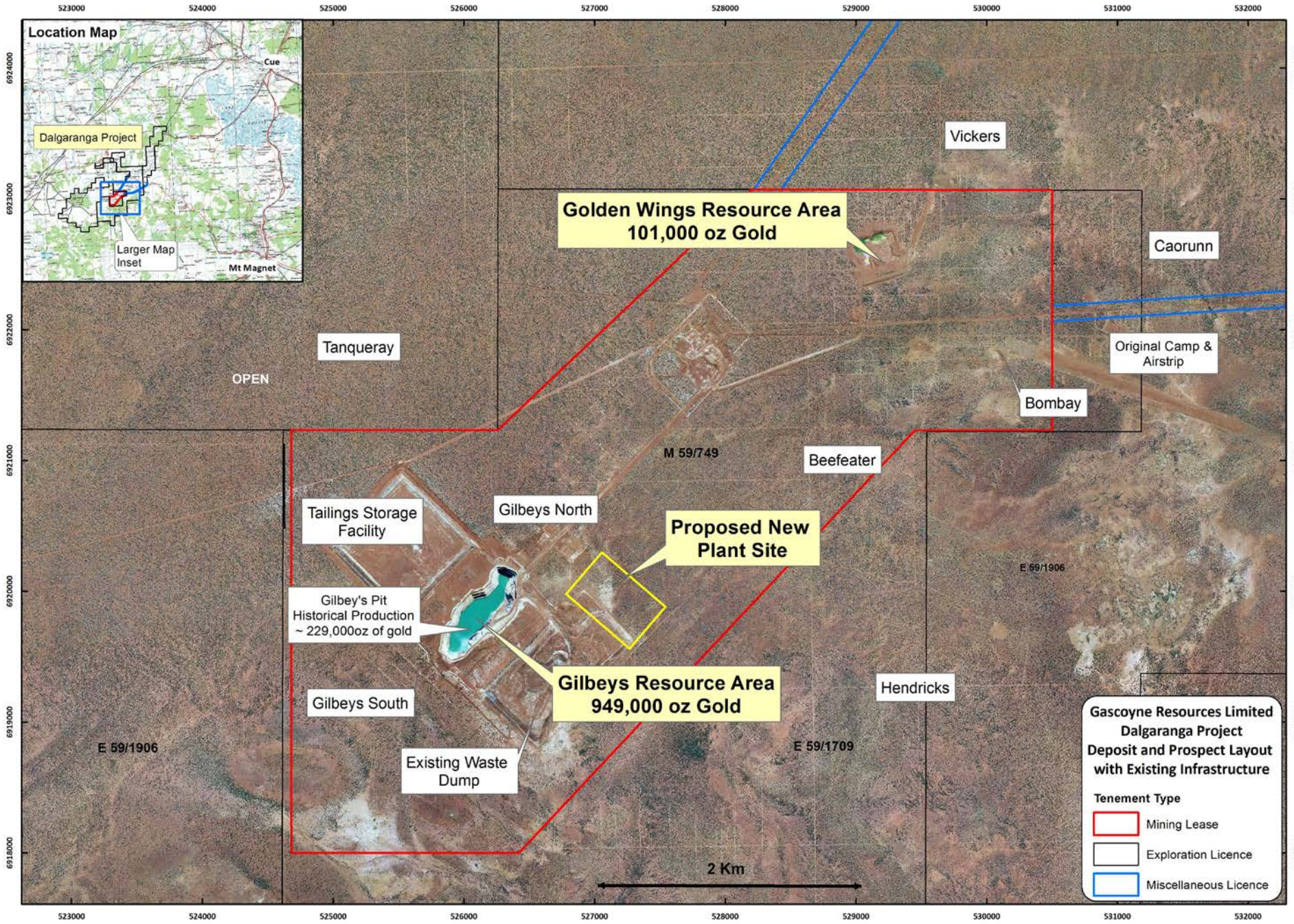
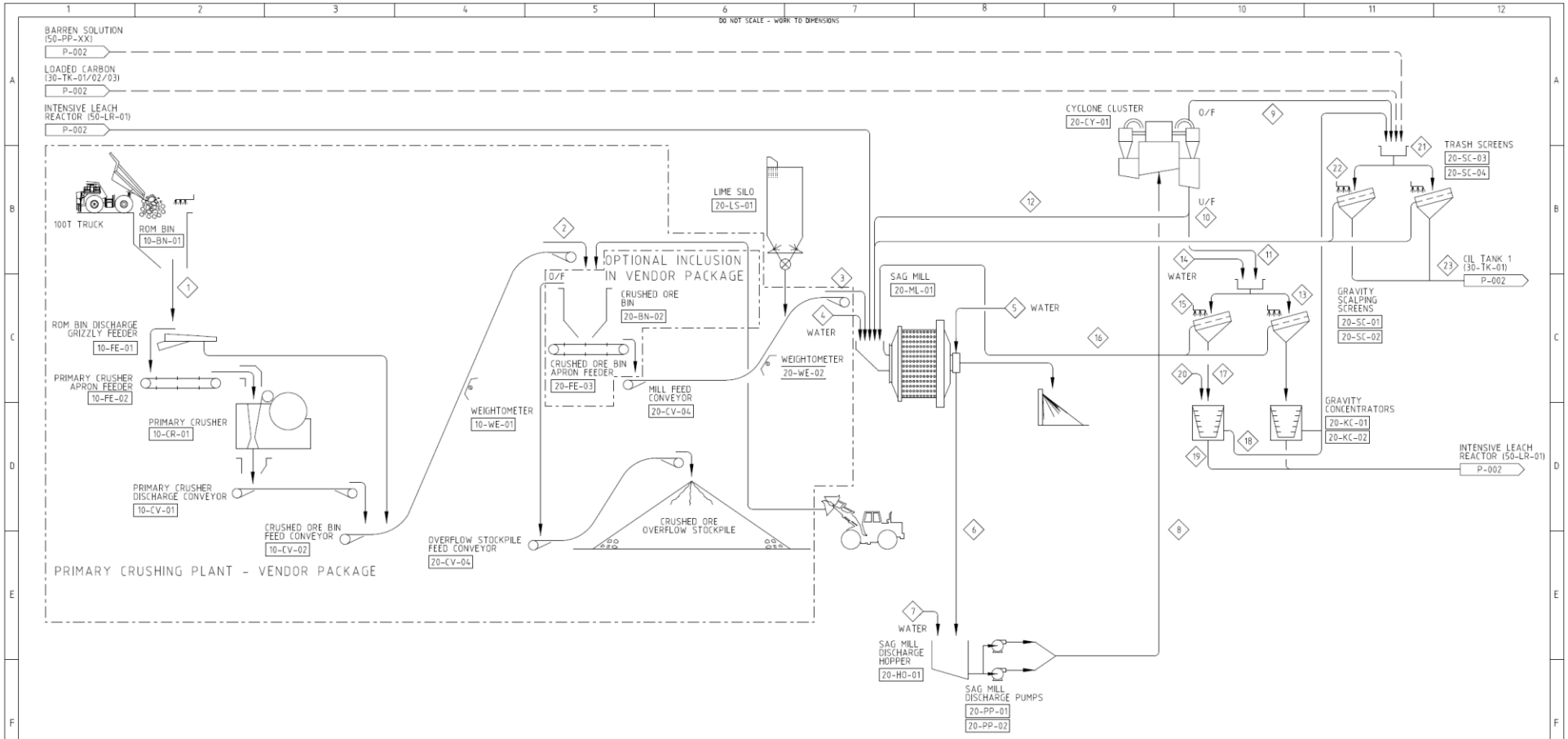


Figure 2: Plan of Dalgaranga Deposits and Prospect Location



Flow ID		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Flow Name		ROM Bin Feed	Crushed Product	SAG Mill Feed - New	SAG Mill Feed Water Addition	SAG Mill Trommel Water Spray	SAG Mill Discharge	Cyclone Feed Water Addition	Cyclone Feed	Cyclone Overflow	Total Cyclone Underflow	Cyclone Underflow to Gravity Screen - Undiluted	Cyclone Underflow to Mill Feed	Cyclone Underflow to Gravity Screen	Gravity Concentrator Screen Feed Dilution Water (Total)	Gravity Scalping Screen Spray Water (Total)	Gravity Scalping Screen Oversize (Total)	Gravity Concentrator Feed (Total)	Gravity Concentrator Tailings (Total)	Gravity Concentrate (Total)	Gravity Concentrator Fluidisation Water (Total)	Combined Trash Screen Feed	Trash Screen Spray Water	Trash Screen Undersize/Cl L Feed
Solids	tph	500	500	300	0	0	1366	0	1632	300	1331	280	1065	280	0	0	14	266	266	0.066	0	300	0	300
	m³/h	189	189	113	0	0	515	0	616	113	502	106	402	106	0	0	5	100	100	0.022	0	113	0	113
	%	97%	97%	97%			70%		64%	42%	72%	72%	72%	72%			97%	58%	57%	22%		42%		42%
Water	tph	15	15	9	139	20	585	148	934	415	519	109	415	109	48	10	0	177	201	0.24	34	415	4	419
	m³/h	15	15	9	139	20	585	148	934	415	519	109	415	109	48	10	0	177	201	0.24	34	415	4	419
Pulp	tph	515	515	310	0	0	1951	0	2566	715	1850	389	1481	389	0	0	14	457	467	0.30	0	715	0	719
	m³/h	204	204	123	0	0	1101	0	1550	528	1021	215	817	215	0	0	6	288	301	0.26	0	528	0	532

FULL SIZE ON A1 ORIGINAL - IF PRODUCED AT A3 DOUBLE SCALE

NO	DATE	DRN	CHD	ENG	PM	REVISION
C	29.01.16	BDF				ISSUED FOR CLIENT APPROVAL
B	18.01.16	BDF				ISSUED FOR CLIENT REVIEW
A	18.01.16	BDF		MDN	LK	ISSUED FOR INTERNAL REVIEW

DALGARANGA PROCESS PLANT - PROCESS FLOW DIAGRAM SHEET 2 OF 2 (REFERENCE DRAWING TITLE) — 1531-05-P-002 (DRAWING NUMBER)

GASCOYNE RESOURCES LIMITED

mintrex engineering your success — Job No. 1531-GCY

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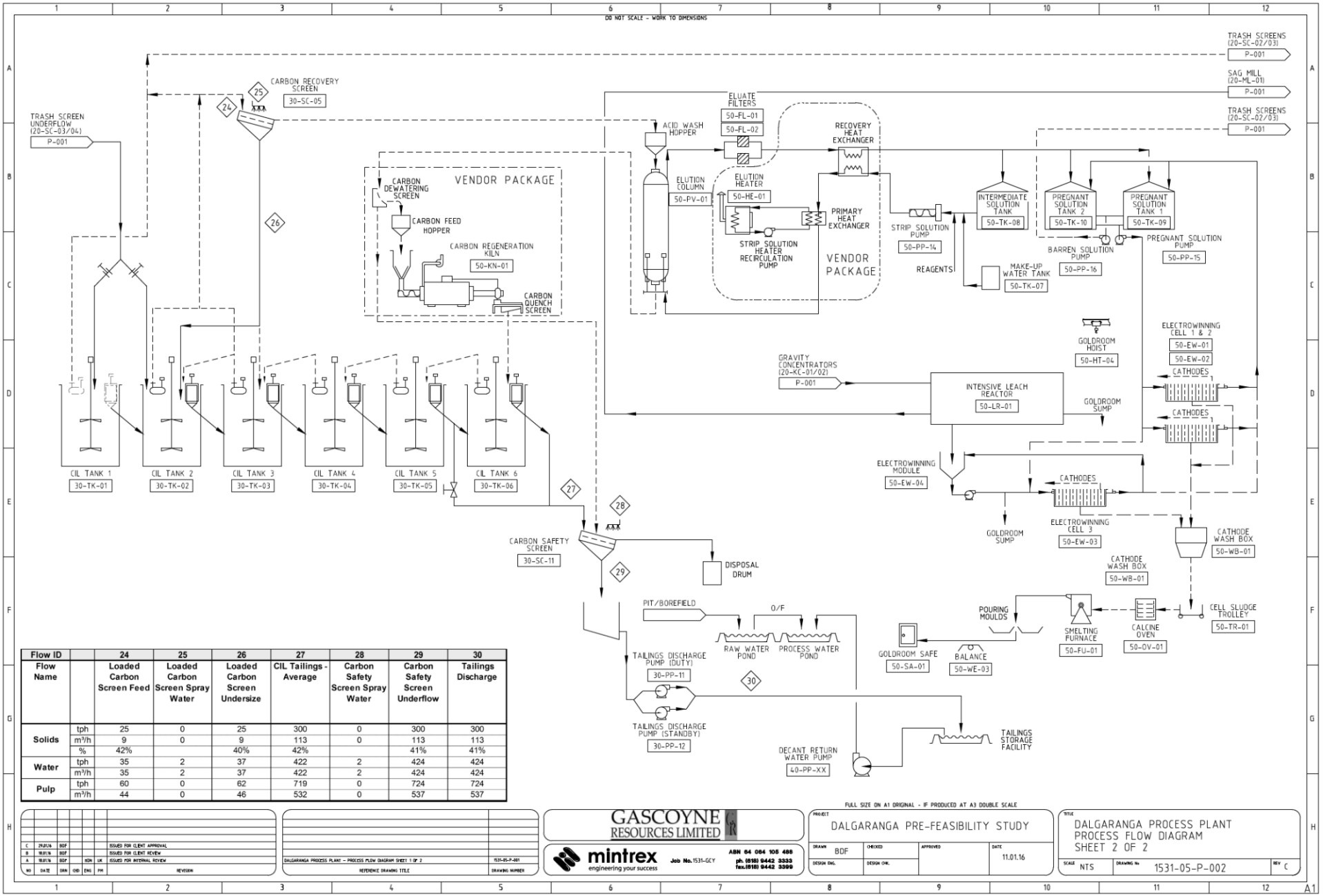
PROJECT: DALGARANGA PRE-FEASIBILITY STUDY

DRAWN	CHECKED	APPROVED	DATE
BDF			08.01.16
DESIGN ENG.	DESIGN CHK.		

TITLE: DALGARANGA PROCESS PLANT PROCESS FLOW DIAGRAM SHEET 1 OF 2

SCALE: NTS — DRAWING No: 1531-05-P-001 — REV: C

Figure 3: Dalgaranga Gold Project Process Flow Diagram (Sheet 1 of 2)



Flow ID		24	25	26	27	28	29	30
Flow Name		Loaded Carbon Screen Feed	Loaded Carbon Screen Spray Water	Loaded Carbon Screen Undersize	CIL Tailings - Average	Carbon Safety Screen Spray Water	Carbon Safety Screen Underflow	Tailings Discharge
Solids	tph	25	0	25	300	0	300	300
	m³/h	9	0	9	113	0	113	113
	%	42%		40%	42%		41%	41%
Water	tph	35	2	37	422	2	424	424
	m³/h	35	2	37	422	2	424	424
Pulp	tph	60	0	62	719	0	724	724
	m³/h	44	0	46	532	0	537	537

C 29.01.16 BDF ISSUED FOR CLIENT APPROVAL
B 18.01.16 BDF ISSUED FOR CLIENT REVIEW
A 18.01.16 BDF RDN LK ISSUED FOR INTERNAL REVIEW
NO DATE DRN CHD ENG PM REVISION

DALGARANGA PROCESS PLANT – PROCESS FLOW DIAGRAM SHEET 1 OF 2 — REFERENCE DRAWING TITLE
1531-05-P-001 — DRAWING NUMBER

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FULL SIZE ON A1 ORIGINAL - IF PRODUCED AT A3 DOUBLE SCALE

PROJECT: DALGARANGA PRE-FEASIBILITY STUDY
DRAWN BDF | CHECKED | APPROVED | DATE 11.01.16
DESIGN ENG. | DESIGN CHK.

TITLE: DALGARANGA PROCESS PLANT PROCESS FLOW DIAGRAM SHEET 2 OF 2
SCALE NTS | DRAWING No. 1531-05-P-002 | REV C

Figure 4: Dalgaranga Gold Project Process Flow Diagram (Sheet 2 of 2)

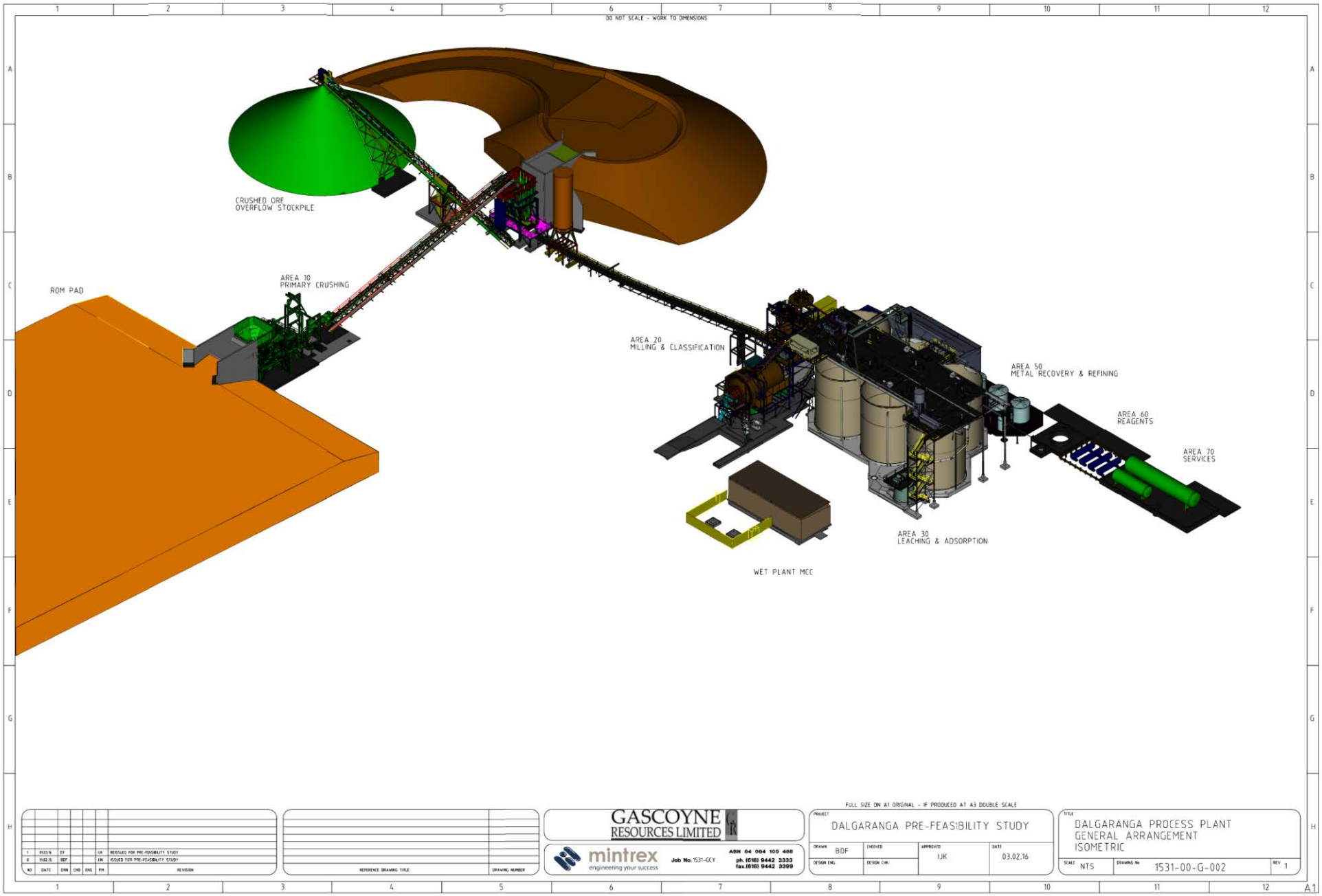

Figure 5: Dalgaranga Gold Project Process Plant General Arrangement Isometric

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 two main gold projects combined have **2.1 million ounces of contained gold on granted Mining Leases**:

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 contains a JORC Measured, Indicated and Inferred resources of **23.7 Mt @ 1.4g/t Au for 1,051,000 ounces** of contained gold (see Table 3).
A PFS study is currently underway on the project, investigating development of two open pits feeding a 2.5Mtpa processing facility resulting in production of around 100,000ozpa for 6-7 years. Optimisation studies have suggested that the operation would be a low cost, high margin and long life operation with high operating margins. The PFS is on schedule for completion in the March quarter of 2016.

Significant exploration potential also remains outside the known resources with numerous historical geochemical prospects only partly tested. A recent gold discovery has been made at the Hendricks prospect.

Table 3 Dalgaranga Project

February 2016 Mineral Resource Estimate (0.5g/t Cut-off Above 120mRL, 1g/t Cut-off Below 120mRL)

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
Laterite				0.5	1.1	17,100	0.1	0.8	3,000	**0.6**	**1.1**	**20,000**
Oxide	0.4	1.8	20,000	1.0	1.7	52,000	0.5	1.9	28,000	**1.8**	**1.8**	**100,000**
Transitional	0.3	1.8	14,000	0.5	1.8	28,000	0.2	1.6	11,000	**1.0**	**1.7**	**53,000**
Fresh	1.8	1.3	74,000	7.5	1.3	322,000	11.1	1.4	482,000	**20.4**	**1.3**	**878,000**
Total	**2.4**	**1.4**	**108,000**	**9.4**	**1.4**	**419,000**	**11.9**	**1.4**	**524,000**	**23.7**	**1.4**	**1,051,000**

Totals may differ due to rounding, Mineral Resource reported on a dry in situ basis

GLENBURGH (100% GCY):

The Glenburgh Project in the Gascoyne region of Western Australia, has a Measured, Indicated and Inferred resource of: **21.3 Mt @ 1.5g/t Au for 1.0 million oz gold** from several prospects within a 20km long shear zone (see Table 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. 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 included approximately 40,000m of resource drilling, metallurgical drilling and testwork, geotechnical, hydro geological and environmental assessments. Importantly the study has not included the drilling completed during 2013, which intersected significant shallow high grade zones at a number of the known deposits.

Table 4: 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
North East	0.2	4.0	31,000	1.4	2.1	94,000	3.3	1.7	178,000	**4.9**	**1.9**	**303,000**
Central	2.6	1.8	150,000	3.2	1.3	137,000	8.4	1.2	329,000	**14.2**	**1.3**	**616,000**
South West							2.2	1.2	84,000	**2.2**	**1.2**	**84,000**
Total	**2.9**	**2.0**	**181,000**	**4.6**	**1.6**	**231,000**	**13.9**	**1.3**	**591,000**	**21.3**	**1.5**	**1,003,000**

Note: Discrepancies in totals are a result of rounding

EGERTON (100% GCY)

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**

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 100% ownership of the high grade Egerton project; where the focus has been 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

The information in this Report that relates to Mineral Resources for the Golden Wings and Gilbeys Deposits is based on information provided by Mike Dunbar of Gascoyne Resources Ltd, who is a Member of the AusIMM. Mr Dunbar is a full time employee of Gascoyne Resources Limited. Mr Mike Dunbar is the Competent Person for this Mineral Resource estimate and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dunbar consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. 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 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 Glenburgh 2004 JORC resource (released to the ASX on April 29th 2013) which formed the basis for the preliminary Feasibility Study was 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, the resource has now been updated to conform with the JORC 2012 guidelines. This new JORC 2012 resource, reported above, will form the basis for any future studies.

The Egerton Resource estimate and Gaffney's Find prospect historical 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.