

GASCOYNE RESOURCES LIMITED

ABN 57 139 522 900

FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2015

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

Share Registry

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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 2015. 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 Group has focused its attention on the 80% owned Dalgaranga Gold Project in the Murchison region of Western Australia. A number of exploration and development programmes were designed to grow the Resource base and to evaluate a number of high priority exploration targets within the Dalgaranga project.

The programmes lead to the discovery of new mineralised shear zone at Hendricks, a number of new regional mineralised trends, extended the Mineralisation at the Gilbeys and Golden Wings gold deposits, resulting in a 40% increase in the Measured, Indicated and Inferred Mineral Resource on the project to over 1.05 million ounces. The Pre-Feasibility Study also progressed during the period and remains on track to be completed in March 2016.

As a result of the exploration, the Group's total Measured, Indicated and Inferred Resource has grown to approximately 2.1 million ounces on the Dalgaranga and Glenburgh development projects on granted Mining Leases in Western Australia (see Figure 1).

DALGARANGA

ELA21/195, 59/2150, EL59/1709, 1904, 1905 & 1906, ML 59/749, L59/141 & 142 - 80% Gascoyne

Exploration Activities:

During the period, activities can broadly be split into three phases. The first was the evaluation of the depth potential under the existing Gilbeys open pit, the second was focused on infill drilling at the Golden Wings deposit to increase the confidence in the resource and the third was the first regional exploration on the project for around 20 years.

The extensional drilling under the Gilbeys deposit was a great success, with significant widths and grades on mineralisation below the known deposit (see Figure 2 & 3 and ASX releases 7th, 8th and 13th of October 2015). Intersections included:

- 39.9m @ 2.0 g/t gold (incl. 9.5m @ 3.9 g/t (incl. 0.5m @ 48.4g/t))
- 26m @ 1.5 g/t gold, (incl. 14m @ 1.7 g/t)
- 34m @ 1.0 g/t gold, and 5.15m @ 1.3g/t
- 13m @ 2.7 g/t gold (incl. 5m @ 5.6 g/t)
- 21m @ 1.5 g/t gold (incl. 10m @ 2.1 g/t)
- 15m @ 1.5 g/t gold and 3m @ 4.0 g/t gold

DIRECTORS' REPORT



RC drilling at the Dalgara Project

The second phase of exploration (infill drilling at Golden Wings), was even more successful with shallow high grades intersected at Golden Wings including (see Figure 2 & 4 and ASX release 2nd February 2016):

- **12m @ 4.4 g/t gold (including 8m @ 5.9 g/t)**
- **8m @ 3.9 g/t gold (including 4m @ 6.5 g/t)**
- **14m @ 1.5 g/t gold (including 4m @ 3.1 g/t)**

The first regional exploration programme was also undertaken as part of the third phase of exploration. The drilling programme was designed to test multiple high priority targets in the vicinity of the +1Moz Resource base at Dalgara which have the potential, with further exploration, to lead to additional discoveries and future Mineral Resource growth.

This drilling has resulted in the discovery of a mineralised shear zone approximately 3km east of the 1.2Moz Gilbeys shear zone at the Hendricks prospect. The southernmost line of drilling across the interpreted shear intersected **12m @ 2.2g/t gold** from 35m to the end of hole (see Figure 5 and ASX release 13th January and 22nd February 2016).

In addition to the Hendricks Discovery a number of mineralised trends were also identified within the project at Beefeater, Vickers and Gilbeys North (see Figure 5 and ASX release 8th of February 2016). These included:

- **8m @ 3.6 g/t gold**
- **13m @ 0.9 g/t gold**
- **4m @ 1.4 g/t gold**

Pre-Feasibility Study Activities:

Substantial progress has been made on a number of key aspects of the project including resource estimations, pit optimisations and process plant design (see ASX Release 19th January, 24th February and 2nd of March 2016 for full details). The study remains on track for completion in the March quarter.

Mineral Resource Updates:

As a result of the successful exploration activities (outlined above) two resource updates have been completed, one for the Gilbeys Deposit and one for Golden Wings. Combined there has been a resource increase at Dalgara by approximately 40% to a total Measured, Indicated and Inferred Mineral Resource of 23.7 Mt @ 1.4 g/t gold for 1.05Moz of gold, of which 21.8 Mt @ 1.4 g/t gold for 949,000oz is within the Gilbeys deposit and 2Mt @ 1.6 g/t gold for 101,000oz at Golden Wings. (see Tables 1 to 3 and ASX announcement 4th November 2015 & 24th February 2016)

DIRECTORS' REPORT

Pit Optimisation Update:

CSA Global Pty Ltd (CSA Global), an independent mining consultancy, has undertaken a number of pit optimisations to determine the preferred production rate as well as to provide a guide for overall project economics (see ASX Release 19th January for full details).

The optimisation study has identified that the project can sustain a substantially larger production rate than the 1.5Mtpa throughput originally anticipated in the 2015 Scoping Study. The optimisations were run at 2.0, 2.5, 3.0 and 3.5 Mtpa using a A\$1,500 gold price and preliminary costs adjusted for scale, based on the recently updated Gilbeys Resource and the previous Golden Wings Resource (which has now been updated). The optimisations have also taken into account the geotechnical data recently obtained from the historical Dalgaranga mine and historical production records.

The optimisations indicate that the project can sustain a production rate of between 2.0 and 3.0Mtpa, with projected production between 80,000 and 115,000 ounces per annum for between 6 and 7 years. Over the life of mine, production of this scale would result in between 584,000 and 712,000 ounces falling within the A\$1,470 pit shell.

A production rate around 2.5Mtpa (for ~100,000ozpa) is considered by CSA Global to be most appropriate for the project.

Process Plant Studies

The Group also appointed Mintrex as process plant engineers for the Pre-Feasibility Study. Mintrex are working on the design as well as the capital and operating cost models for the project.

Mintrex has a history with Dalgaranga with a number of the key team members being involved in modifications to the original 1990's process plant design and its move to Kirkalocka. Additionally, Mintrex has a history of designing simple process plants that have proven themselves to operate efficiently while also being considerably less capital intensive than other designs. As evidenced by the design and construction of the process plants for Regis Resources. Mintrex have designed all three of Regis' process plants with a combined capacity of around 10Mtpa.

As announced on the 2nd of March, 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.

DIRECTORS' REPORT

Summary of 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
- 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.

Dalgaranga Forward Program:

The Pre-Feasibility 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.

GLENBURGH

EL09/1325, 1764, 1865, 1866 & 2025, ELA 09/2148, ML09/148, L09/56 & 62 - 100% Gascoyne

Exploration Activities:

During the quarter the main activity undertaken at Glenburgh was the preparation of the Mining Proposal for submission to the Western Australian Department of Mines and Petroleum. The proposal was submitted in October. (See Figure 6 for the conceptual site layout)

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. The drilling is expected to be completed in the first half of 2016.

DIRECTORS' REPORT

Egerton

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

Exploration Activities:

During the period results from the 2015 drill programme were received. The Egerton drilling included infill RC and extensional drilling at Gaffney's Find and first pass testing of the new Gaffney's Find North prospect (see Figure 7 & 8 and ASX release 7th July 2015 titled "High Grade Gold Drill Results at Mt Egerton Project"). The Gaffney's Find drilling intersected significant new intersections including:

- 17m @ 2.3 g/t gold (including 9m @ 3.8 g/t)
- 9m @ 2.0 g/t gold
- 2m @ 12.5 g/t gold and
- 2m @ 5.4 g/t gold

Gascoyne's recent drilling has now confirmed significant gold mineralisation over 500 metres along strike at Gaffney's Find.

As announced on the 24th of August 2015, the tenements were transferred to Gascoyne's 100% owned subsidiary, Egerton Exploration Pty Ltd. The company now owns the project 100%.

OTHER PROJECTS

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

No field exploration was undertaken during the period.

GOLD RESERVES & RESOURCES

Table 1: Gilbeys Deposit

October 2015 Mineral Resource Estimate (0.5g/t Cut-off Above 120mRL, 1.0g/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
Oxide	0.4	1.8	20,000	0.4	1.5	18,000	0.2	2.2	16,000	1.0	1.8	54,000
Transitional	0.3	1.8	14,000	0.3	1.4	15,000	0.1	1.5	4,000	0.7	1.6	33,000
Fresh	1.8	1.3	74,000	7.4	1.3	316,000	10.9	1.3	472,000	20.2	1.3	862,000
Total	2.4	1.4	108,000	8.1	1.3	349,000	11.2	1.4	492,000	21.8	1.4	949,000

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

Table 2 Golden Wings Deposit

February 2016 Mineral Resource Estimate (1.0g/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
Laterite	0.2	1.5	12,000	0.01	1.2	1,000	0.26	1.5	12,000
Oxide	0.5	2.0	31,000	0.15	2.0	9,000	0.62	2.0	41,000
Transitional	0.15	2.6	12,000	0.1	1.9	6,000	0.25	2.3	19,000
Fresh	0.07	2.5	6,000	0.1	2.3	8,000	0.18	2.4	13,000
Total	0.9	2.0	61,000	0.4	2.0	24,000	1.3	2.0	85,000

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

DIRECTORS' REPORT

GOLD RESERVES & RESOURCES (cont.)

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

Table 4: 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 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

DIRECTORS' REPORT



Figure One: Gascoyne Resources Project Locations

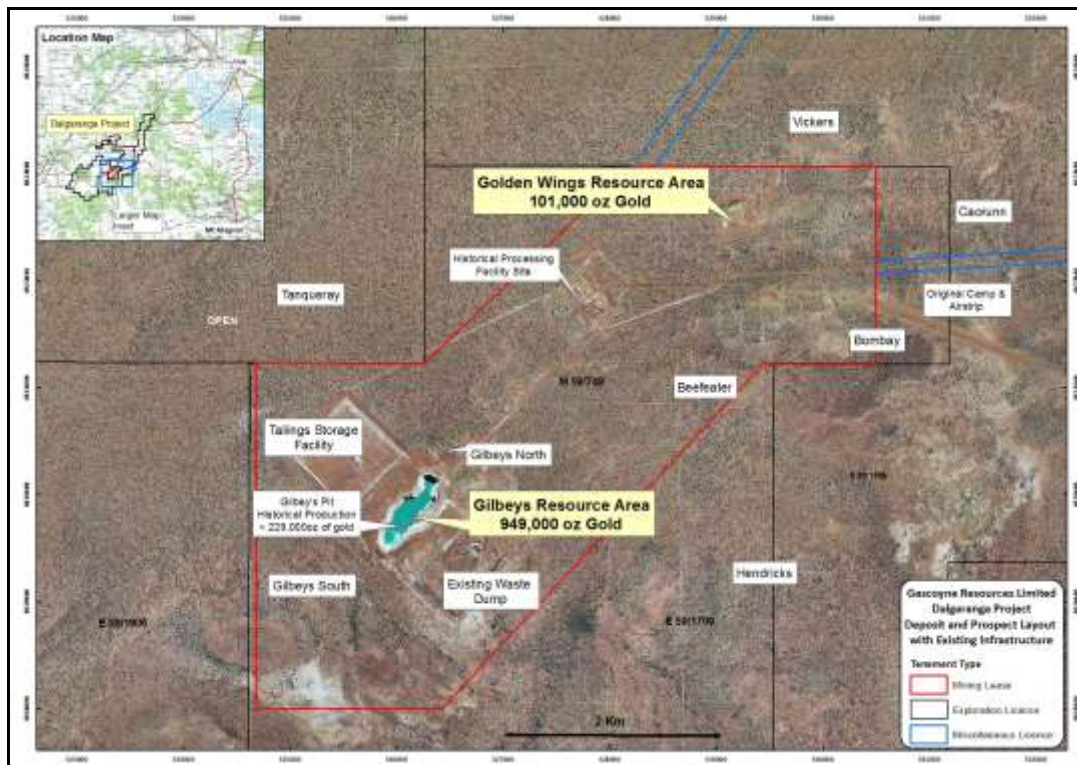


Figure Two: Plan of Dalgarranga Deposits and Prospect Location

DIRECTORS' REPORT

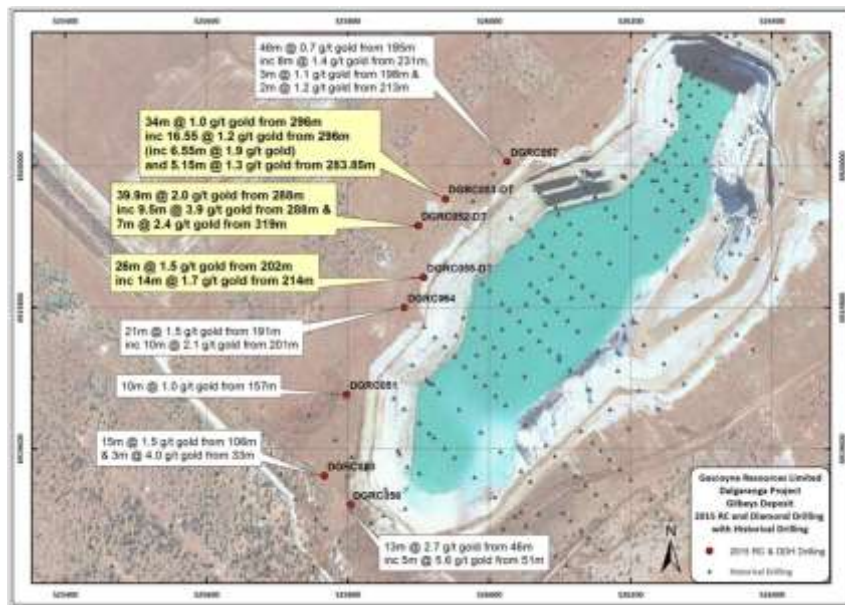


Figure Three: Gilbey's Deposit Recent RC (in white) and Diamond Drilling (in Yellow)

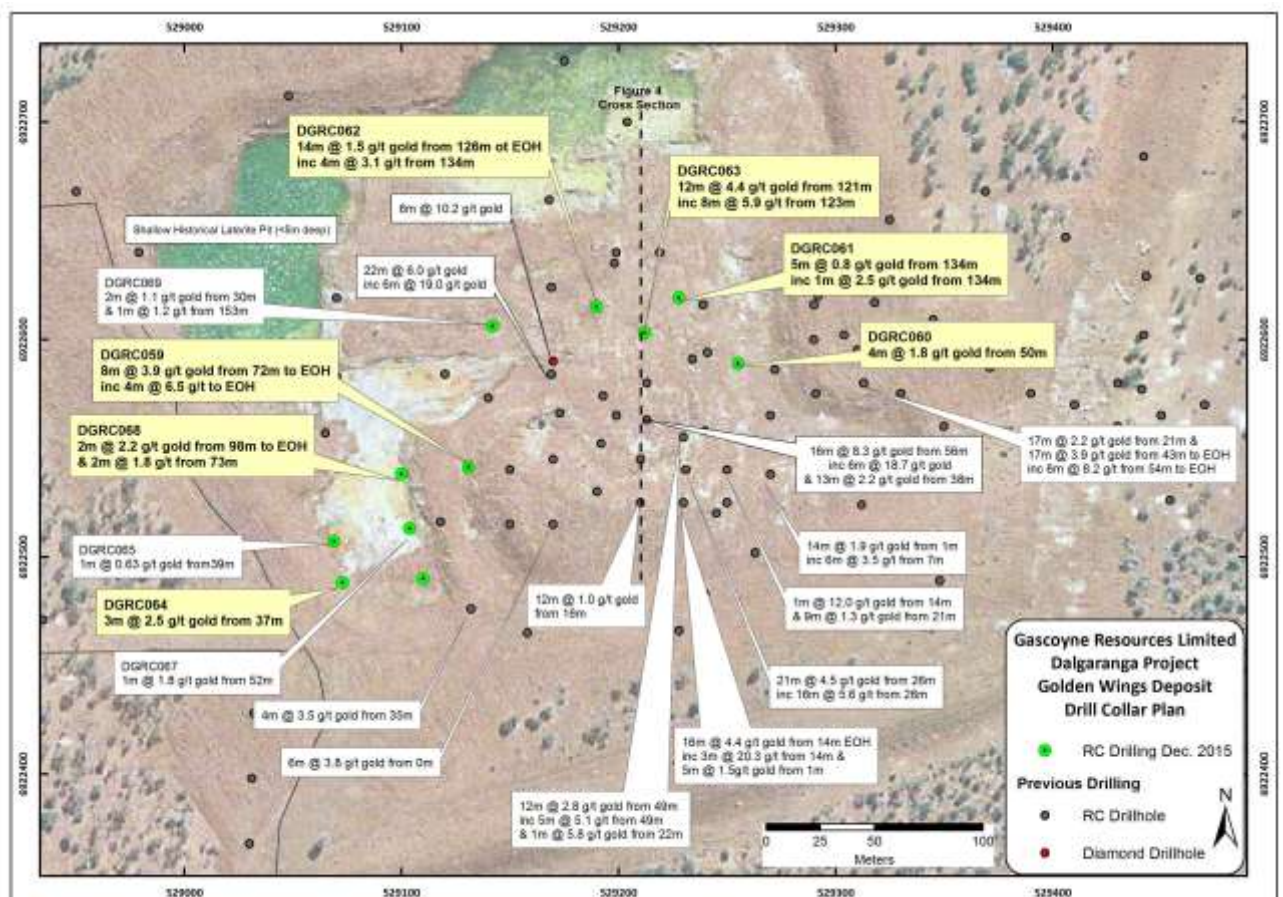


Figure Four: Collar Plan of the Golden Wings Deposit

DIRECTORS' REPORT

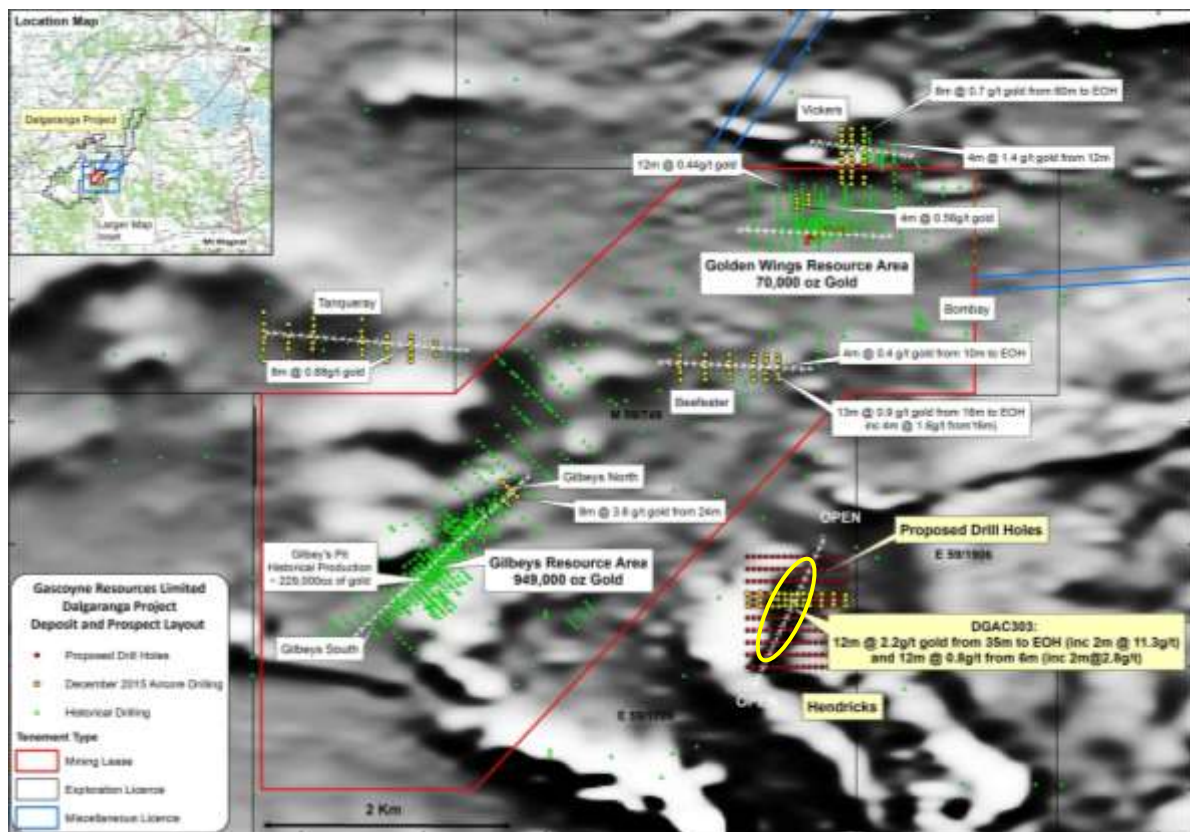


Figure Five: Dalgarranga Project Aeromagnetic Image Highlighting the Hendricks Discovery and Recent Significant Drill Intersections and Proposed Drilling

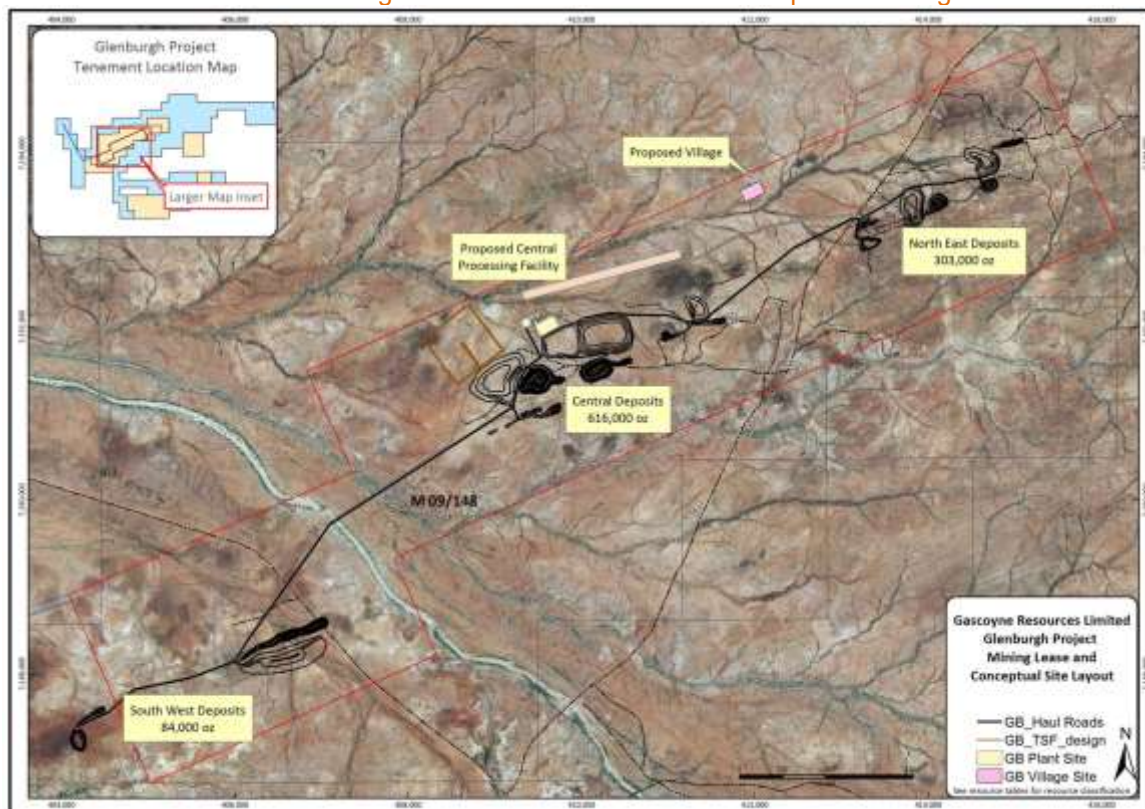


Figure Six: Glenburgh Project, Conceptual Site Layout

DIRECTORS' REPORT

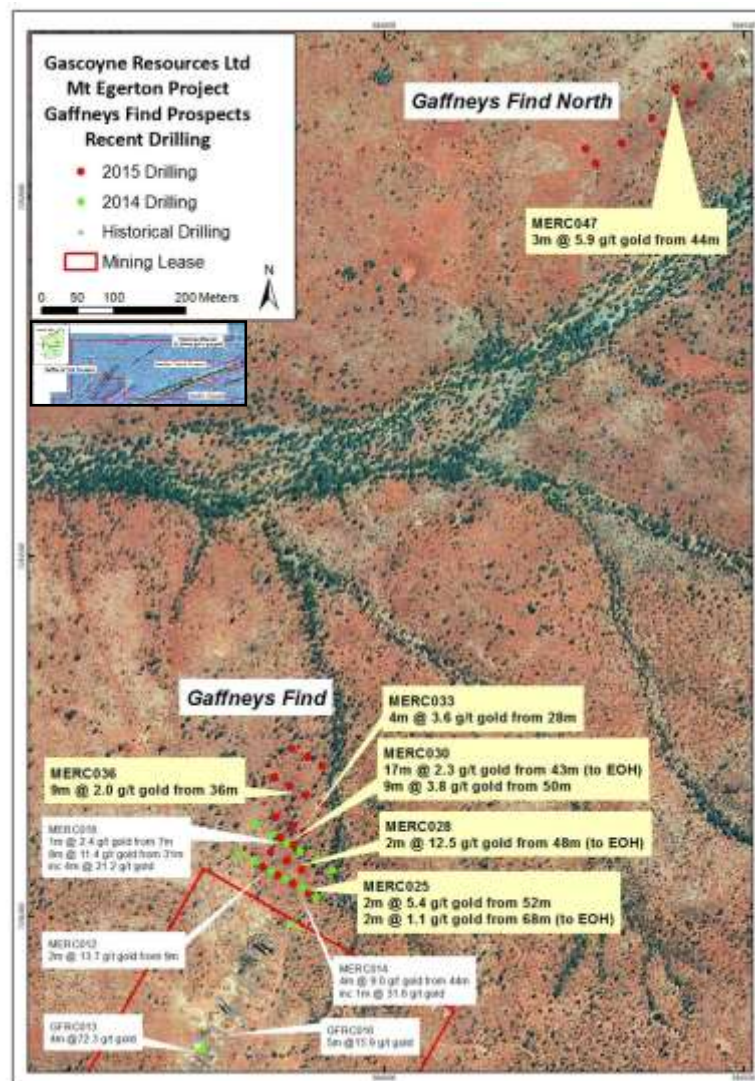


Figure Seven: Gaffney's Find Drill Hole Location Plan

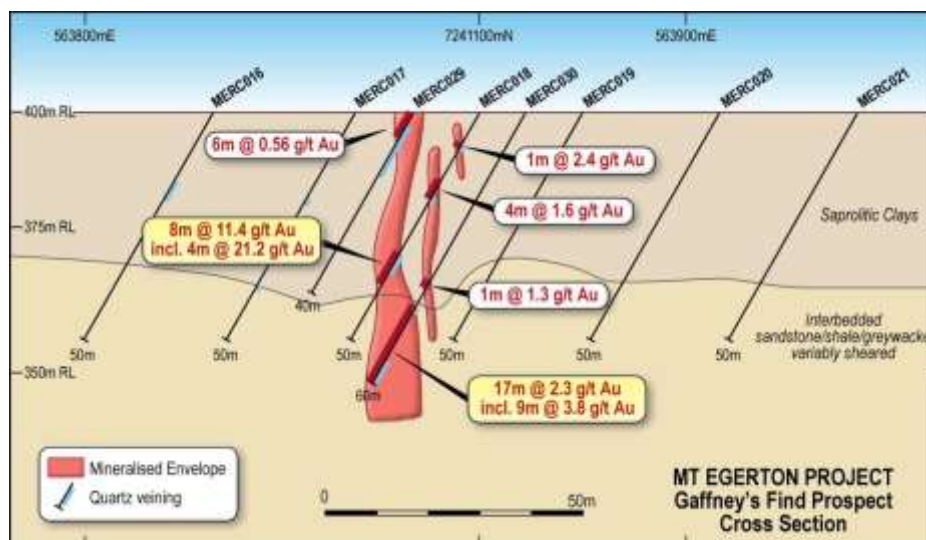


Figure Eight: Mt Egerton Project RC Cross Section

DIRECTORS' REPORT

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 and Dalgaranga 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, ASX announcement 4th November 2015 titled: Dalgaranga Resource Grows to Over One Million Ounces and announcement 24th February 2016 titled: 40% Increase in Golden Wings Mineral Resource at Dalgaranga). 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.

FINANCIAL RESULT

The net consolidated loss of the Group for the half-year ended 31 December 2015, after provision for income tax was \$166,968 (2014: \$418,233).

SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2015 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 9 to the accounts.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 13 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 10th day of March 2016

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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 2015, 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, 10 March 2016

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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 2015, 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 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 2015 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 2015 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 10 March 2016

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 2015 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 10th day of March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **As of 31 December 2015**

		Consolidated	
	Note	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current			
Cash and cash equivalents		2,236,375	1,202,576
Trade and other receivables		384,484	74,510
Total Current Assets		2,620,859	1,277,086
Non-Current			
Property, plant and equipment		29,245	42,271
Exploration and evaluation expenditure		21,771,354	20,770,703
Other assets		30,002	50,000
Total Non-Current Assets		21,830,601	20,862,974
TOTAL ASSETS		24,451,460	22,140,060
LIABILITIES			
Current			
Trade and other payables		656,565	541,043
Employee benefits		88,582	80,550
Total Current Liabilities		745,147	621,593
Non-Current			
Employee benefits		47,773	42,498
Total Non-Current Liabilities		47,773	42,498
TOTAL LIABILITIES		792,920	664,091
NET ASSETS		23,658,540	21,475,969
EQUITY			
Share capital	4	31,765,870	29,416,331
Reserves		324,150	324,150
Accumulated losses		(8,431,480)	(8,264,512)
TOTAL EQUITY		23,658,540	21,475,969

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 2015

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Revenue from continuing operation			
Interest revenue		9,249	9,552
Other revenue		32,800	62,545
		<u>42,049</u>	<u>72,097</u>
Expenses			
Employment costs		(147,244)	(230,269)
Audit and accountancy		(33,336)	(16,549)
Corporate marketing		(63,532)	(16,215)
Depreciation		(13,027)	(30,414)
Impairment of exploration and evaluation assets	2	(80,115)	(358,802)
IT costs		(1,463)	(9,936)
Premises costs		(35,547)	(46,018)
Travel expenses		(25,187)	(13,123)
Other general and admin expenses		(67,678)	(113,650)
		<u>(467,129)</u>	<u>(834,976)</u>
Loss before tax		(425,080)	(762,879)
Income tax benefit	3	258,112	344,646
Loss for the period		(166,968)	(418,233)
Other Comprehensive Income			
Other comprehensive income		-	-
Tax relating to comprehensive income		-	-
Total Comprehensive Loss attributable to members of Gascoyne Resources Limited		(166,968)	(418,233)
Loss per share			
Basic (cents per share)		(0.1)	(0.3)
Diluted (cents per share)		(0.1)	(0.3)

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

CONSOLIDATED STATEMENT OF CASH FLOWS **For the half-year ended 31 December 2015**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Operating Activities		
Payments to suppliers and employees	(353,208)	(463,622)
Interest received	9,317	9,873
Other revenue received	23,465	66,969
Net cash used in operating activities	(320,426)	(386,780)
Investing Activities		
Payments for capitalised exploration and evaluation expenditure	(978,900)	(984,824)
Release of security deposit	19,998	-
Payment for Stamp Duty on Egerton acquisition	(36,412)	-
Payment for Option Extension – Exterra Resources	-	(55,005)
Purchase of property, plant and equipment	-	(6,204)
Net cash used in investing activities	(995,314)	(1,046,033)
Financing Activities		
Proceeds from issue of shares	2,520,000	1,000,000
Share issue costs	(170,461)	-
Net cash provided by financing activities	2,349,539	1,000,000
Net change in cash and cash equivalents	1,033,799	(432,813)
Cash and cash equivalents, beginning of period	1,202,576	1,007,810
Cash and cash equivalents, end of period	2,236,375	574,997

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Share Capital Ordinary \$	Options Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.2015	29,416,331	324,150	(8,264,512)	21,475,969
Loss for the year	-	-	(166,968)	(166,968)
Total comprehensive loss for the year	-	-	(166,968)	(166,968)
Transactions with owners:				
Shares issued during the year	2,520,000	-	-	2,520,000
Share issue costs	(170,461)	-	-	(170,461)
Balance at 31.12.2015	31,765,870	324,150	(8,431,480)	23,658,540
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

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2015

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 2015 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 2015 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 2015 was authorised for issue in accordance with a resolution of the Directors on 10th March 2016.

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 \$80,115 (2014: \$358,802) against the carrying value of its exploration and evaluation expenditure.

Notes to the Half-Year Financial Statements

31 December 2015

3. RESEARCH AND DEVELOPMENT TAX CREDITS

The consolidated group recognises a tax credit from the research and development incentive scheme when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be estimated reliably. The transaction is considered an income tax benefit.

	2015	2014	2015	2014
4. FULLY PAID ORDINARY SHARES	No.	No.	\$	\$
Balance at beginning of financial year	178,250,577	158,269,520	29,416,331	26,622,153
Issue of shares at \$0.09				
Private placement	28,000,000	-	2,520,000	-
Issue of shares at \$0.25	-	4,000,000	-	1,000,000
Monument Subscription				
Issue of shares at \$0.18	-	4,166,667	-	750,000
Egerton acquisition				
Share issue costs	-	-	(170,461)	-
Balance at end of half-year	206,250,577	166,436,187	31,765,870	28,372,153
5. OPTIONS	2015	2014	2015	2014
	No.	No.	\$	\$
Balance at beginning of financial year	4,400,000	4,800,000	324,150	401,280
(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	-	-	-	-
Vested	-	-	-	31,740
(c) Options @ \$0.40 exercisable on or before 31 August 2014				
Expired	-	(900,000)	-	(148,320)
Cancelled	-	-	-	-
Balance at end of half-year	4,400,000	4,400,000	324,150	324,150

(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 each

Notes to the Half-Year Financial Statements

31 December 2015

Notional value calculation assumptions

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

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

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

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.

6. OPERATING SEGMENTS

The Group has no business segments.

Notes to the Half-Year Financial Statements

31 December 2015

7. 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 operating lease commitments of \$110,524, tenement rentals of \$147,294 and exploration expenditure of \$1,034,400.

8. CONTINGENT LIABILITIES

The Group currently has bank guarantees to the value of \$30,002 (2014: \$50,000) to secure a credit card facility.

9. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance, other than disclosed, that has arisen since 31 December 2015 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
ELA09/2142	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
ELA51/1681	Gascoyne Region	Beebyn	Gold	100% Gascoyne Resources
ELA21/195	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
ELA59/2150	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
ELA52/3400	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
EL09/2025	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2148	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
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
EL20/799	Murchison Region	Murchison	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
ELA52/3394	Gascoyne Region	Mt James	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		