

January 9th 2017

Australian Securities Exchange Limited

Via Electronic Lodgement

GASCOYNE COMPLETES PURCHASE OF THE DALGARANGA GOLD PROJECT AND MOVES TO 100% OWNERSHIP

Gascoyne Resources Limited ("**Gascoyne**" or "**Company**") is pleased to advise that it has completed the purchase of the Dalgaranga Gold Project and has moved to 100% ownership, through finalising the purchase of the minority joint venture partner's 20% interest in the Mining Lease and miscellaneous leases. The Dalgaranga Gold Project already contains a Measured, Indicated and Inferred Resource of **25.7Mt @ 1.4 g/t gold for 1.12 million ounces of contained gold** including **Proved and Probable Ore Reserve of 552,000 ounces of gold** (see Figures 1 & 2 & Tables 1 & 2 below). Drilling is ongoing on the 100% owned Dalgaranga Gold Project with assay results awaited and a resource and reserve update planned for this quarter. In addition to the 100% owned Dalgaranga Gold Project, the Company also has two separate 80% owned joint ventures on the surrounding exploration licences which are considered to be highly prospective for additional gold mineralisation.

As outlined on the 22nd of December 2016, the consideration for the 20% interest in the Dalgaranga Gold Project, which based on the recently completed Feasibility Study has an NPV₈ of \$177 million, was \$4.5 million in cash, 11 million Gascoyne shares (escrowed for 12 months) and a deferred payment of \$1.5 million after 30,000 ounces have been produced from the project.

The minority joint venturer partner elected to receive a large proportion of the consideration in Gascoyne shares, as he believes that the Dalgaranga Gold Project has a substantial exploration upside and wanted to remain involved in the project, through long term share ownership in Gascoyne, and as a result has agreed to a 12 month escrow on the consideration shares. Gascoyne welcomes this vote of confidence from our partner in not only the project but also his confidence in our ability to deliver a successful and profitable gold operation at Dalgaranga, and the way in which we undertake exploration through careful targeted and aggressive exploration.

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

On behalf of the board of
Gascoyne Resources Limited

Michael Dunbar
Managing Director



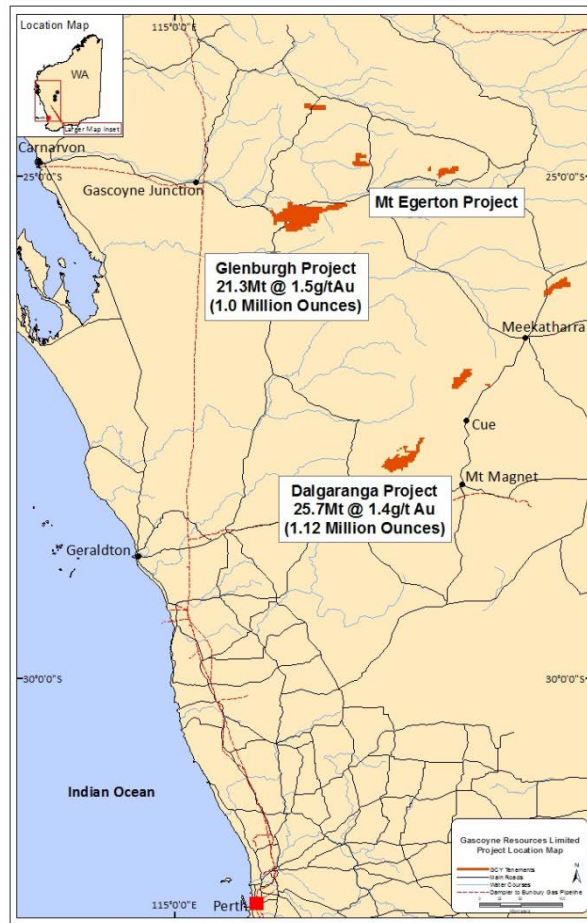


Figure One: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

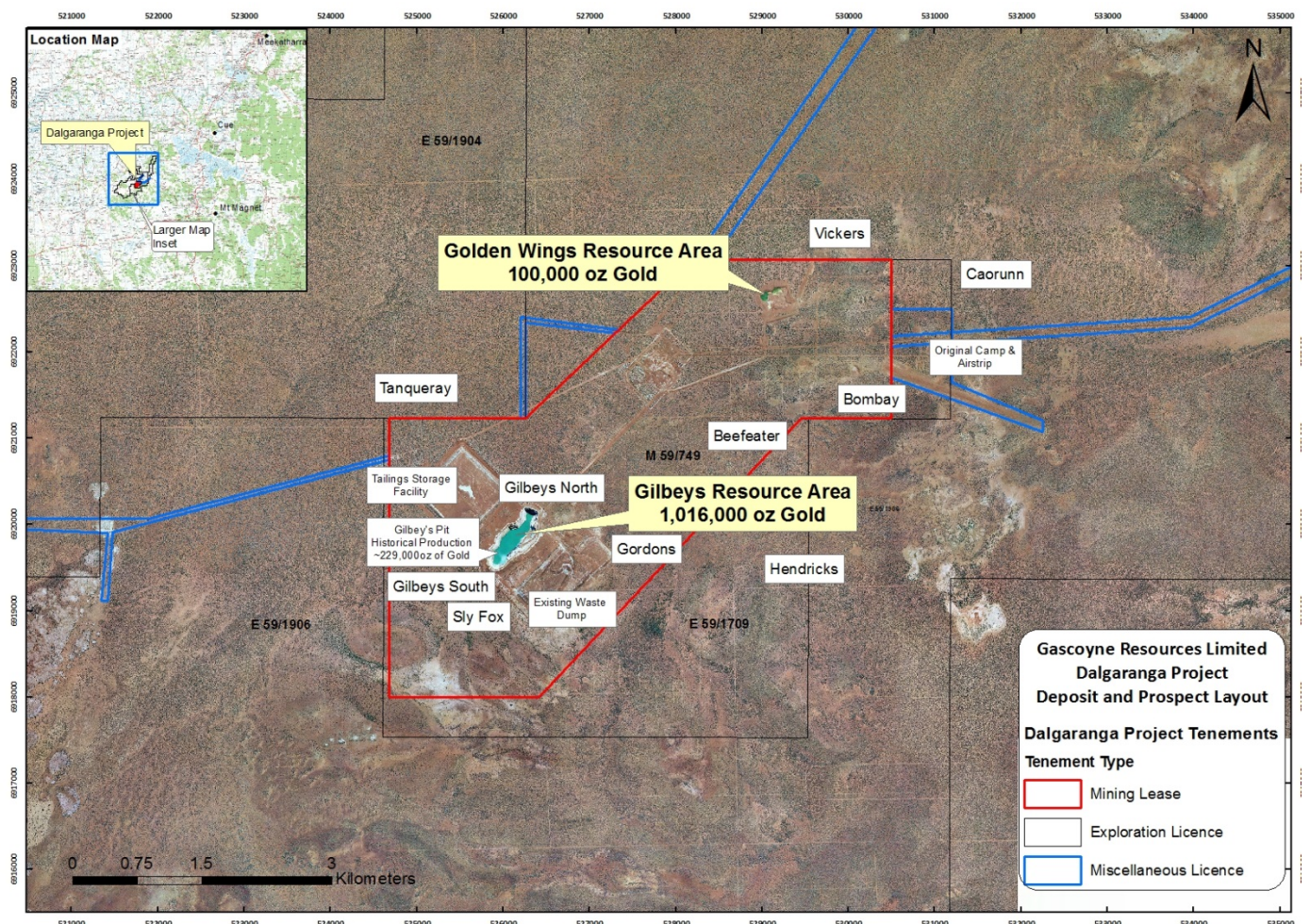


Figure Two: Dalgaranga Gold Project Deposit and Prospect Layout

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:

The Dalgara 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 Dalgara 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 **25.7 Mt @ 1.4g/t Au for 1,116,000 ounces** of contained gold (Table 1). The Dalgara project has a **Proved and Probable Ore Reserve of 552,000 ounces of gold** (Table 2). A resource and reserve update is planned for this quarter.

The FS study that has been completed has highlighted a robust development case for the project.

The FS investigated the development of two open pits feeding a 2.5Mtpa processing facility resulting in production of around 100,000ozpa for 6 years and concluded that the operation would be a low cost, high margin and long life operation with high operating margins.

Significant exploration potential also remains outside the known resources with numerous historical geochemical prospects only partly tested.

Table 1 – Dalgara September 2016 Mineral Resource Estimate
(0.5 g/t Cut-off Above 120 mRL, 1.0 g/t Cut-off Below 120 mRL)

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	1.11	17,000	0.1	0.8	3,000	0.6	1.1	21,000
Oxide	0.4	1.69	22,000	1.0	1.65	55,000	0.6	1.7	31,000	2.0	1.7	108,000
Transitional	0.3	1.83	17,000	0.8	1.69	42,000	0.3	1.5	14,000	1.4	1.7	74,000
Fresh	2.2	1.31	94,000	11.2	1.28	460,000	8.3	1.3	360,000	21.7	1.3	913,000
Total	2.9	1.41	133,000	13.4	1.33	574,000	9.3	1.4	408,000	25.7	1.4	1,116,000

Table 2 Ore Reserve Statement - Dalgara Project November 2016 (100% basis)

Ore Reserves	Tonnes (M tonnes)	Gold Grade (g/t)	Contained ounces (oz)
Proven	3.1	1.28	129,000
Probable	10.2	1.29	423,000
Ore Reserves Total	13.3	1.29	552,000

Note: Rounding errors may occur

GLENBURGH:

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 3)

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 3: 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:

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 4). 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 4: 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

Information in this announcement relating to the Dalgaranga project is based on data compiled by Gascoyne's Geology Manager Mr Julian Goldsworthy who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Goldsworthy 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 Goldsworthy consents to the inclusion of the data in the form and context in which it appears.

The Gilbeys and Golden Wings Mineral Resources at the Dalgaranga and Glenburgh Projects 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 7th September 2016 titled: 40% Increase in Gilbeys Measured and Indicated Mineral Resource at Dalgaranga and 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 Dalgaranga Ore Reserve has been estimated by CSA Global 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 24th November 2016 titled: Feasibility confirms Dalgaranga as a low cost/high margin project). 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 Ore Reserves 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.