MARCH 2017 QUARTERLY REPORT

GASCOYNE RESOURCES LIMITED

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SUMMARY OF ACTIVITIES

CORPORATE:

During the quarter a capital raising was completed to fund the equity portion of the Dalgaranga Gold Mine development costs, exploration at both of the Company's 100% owned +1.0 million ounce gold projects and provide additional working capital.

The fundraising was completed via a $50 million private placement that was heavily oversubscribed by a number of leading domestic and international institutional and professional investors and a $5 million Share Purchase Plan to allow existing shareholders to participate.

At the end of the quarter, the Company's cash reserves were $53 million after spending approximately $8.0 million on exploration, development and corporate activities during the quarter.

DALGARANGA PROJECT:

During the quarter significant progress was made towards development of the Company's 100% Dalgaranga Gold Project, as well as continuation of an ongoing aggressive exploration and resource drilling programme. Activities have included:

- Signing of a Conditional Letter of Intent with GR Engineering Services Limited (ASX:GNG) for the award of an engineering, procurement and construction contract in relation to a new 2.5Mtpa gold processing facility. The contract will be undertaken on a guaranteed maximum price (GMP) basis.
- Regulatory approval to construct the village for the project, and acquisition of a 240 person camp.
- The Mineral Resource for the project was updated to include the Gilbeys South extensional drilling completed in December and includes a 30% increase to the oxide portion, a 49% increase to the transitional Resource and a 7% increased to the fresh Mineral Resource of the Gilbeys Deposit
- The updated Measured, Indicated and Inferred Mineral Resource now stands at **29.6Mt @ 1.3 g/t for 1.23Moz** of contained Gold, including 755,000oz in the Measured and Indicated categories.
- Metallurgical Testwork completed early in the quarter confirmed that the Gilbeys South mineralisation can be recovered with the same flowsheet as proposed at Dalgaranga plant with high overall recovery and low reagent consumption
- Confirmation of the Sly Fox Discovery with RC drilling intersecting near surface, wide zones of mineralisation including:
  - **26m @ 1.8g/t gold, including 15m @ 2.4 g/t**
  - **30m @ 1.5g/t gold, including 14m @ 2.6 g/t**
  - **23m @ 1.6g/t gold, including 11m @ 2.7 g/t**
  - **27m @ 1.6g/t gold, including 9m @ 3.1 g/t**
  - **19m @ 1.5g/t gold, including 10m @ 2.45 g/t**
  - **16m @ 1.5g/t gold**
  - **13m @ 1.2 g/t gold**
  - **29m @ 1.1 g/t gold**
  - **32m @ 1.0 g/t gold, including 16m @ 1.5 g/t**
  - **14m @ 1.0 g/t gold, including 7m @ 1.6 g/t**

GLENBURGH PROJECT:

Soil sampling of a number of regional targets was undertaken during the quarter. A number of new targets have been identified and are currently being assessed with initial drill testing the priority targets expected in the current quarter.

CORPORATE DETAILS
ASX Code: GCY
Shares: 377M
Share Price: 50.5c
Market Cap: $190M
Enterprise Value: $140M
Debt: Nil

ASSETS
Cash: $53 million
Glenburgh (100%) 1.0M oz Gold
Dalgaranga (100%) 1.23M oz Gold
Egerton (100%) 24,000oz Gold

BOARD
Non-Executive Chairman
Mike Joyce

Managing Director
Michael Dunbar

Non-Executive Directors
John den Dryver
Gordon Dunbar
Graham Riley
Stan Macdonald

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CORPORATE

As announced on the 17th of February, a capital raising was undertaken to raise $55 million (before costs) to fund the equity portion of the Dalgaranga Gold Mine development costs, exploration at both of the Company's 100% owned +1.0 million ounce gold projects and provide additional working capital.

The fundraising was completed via a two tranche $50 million private placement (100 million shares at 50c per share) that was heavily oversubscribed by a number of leading domestic and international institutional and professional investors, and a $5 million Share Purchase Plan (SPP) to allow existing shareholders to participate at the same price resulting in 10 million shares being issued.

The Tranche 1 placement shares were issued using the Company's placement capacity under listing rule 7.1, and additional shareholder approved capacity. Tranche 2 placement shares were issued following a shareholder meeting on 10 March at which shareholders overwhelmingly supported the placement.

As a result of the placement and SPP, the Company currently has 377 million shares on issue and at the end of March had cash reserves of approximately $53 million.

REVIEW OF OPERATIONS

Details of the progress during the quarter include:

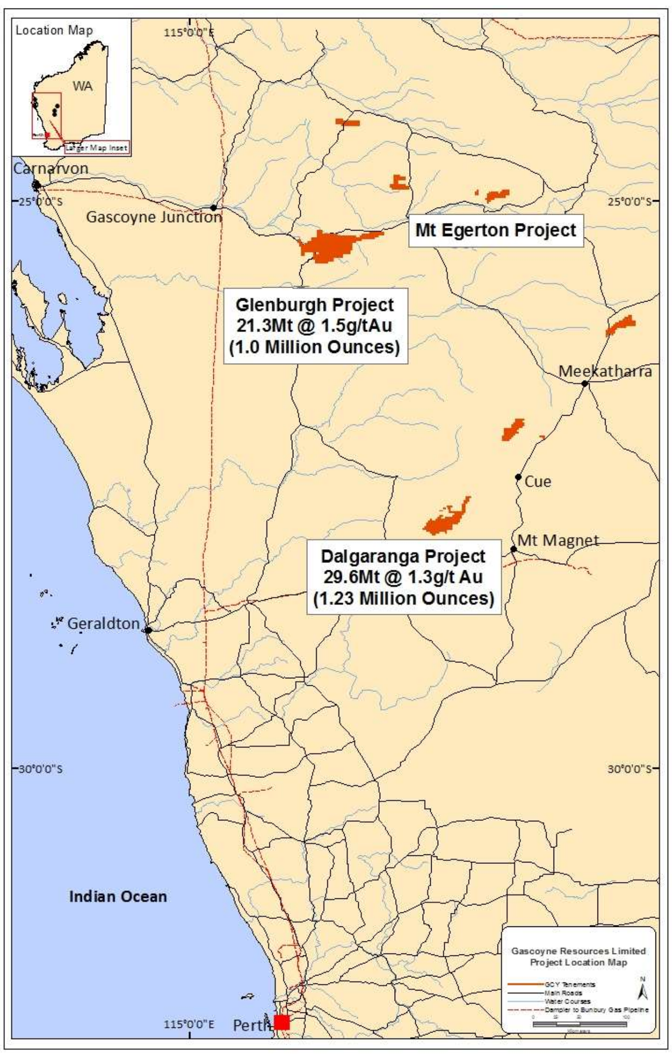

Figure 1: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

DALGARANGA PROJECT

M59/749 & L 59/141, 142, 151, 152, 153 & EL59/2150 – 100% Gascoyne

E59/1709, 1904, 1905, 1906 &, EL21/195 - 80% Gascoyne

Activities at the Dalgaranga project have accelerated with two drill rigs active on the project for most of the quarter, and numerous development activities ongoing.

DEVELOPMENT ACTIVITIES

As announced in November 2016, the Dalgaranga Feasibility Study (FS) was completed on the Dalgaranga Gold Project.

The FS was based on the development of two open cut pits, and a new conventional SAG milling circuit, gravity and carbon in leach processing plant with a nameplate throughput of 2.5Mtpa

Updated Mineral Resource

Since the FS was completed, the Gilbeys Mineral Resource has been updated to include the extensions to the south of the previous Gilbeys Resource (See ASX announcement dated 15th March 2017).

The Gilbeys Deposit Measured, Indicated and Inferred Mineral Resource now stands at **27.6Mt @ 1.3 g/t gold for 1,130,000** ounces of gold. The Measured and Indicated portion has increased to **16.4Mt @ 1.3 g/t gold for 685,000** ounces.

Importantly with the inclusion of the Gilbeys South extensions to the deposit the Oxide portion of the resource has increased by 30% and the transitional portion increased by 49%. This has the potential to make a material difference to the development of the project as it significantly increases the proportion of "soft mill feed" in the early portion of the mine's development.

With the Resource update to the Gilbeys Deposit, the overall Dalgaranga Gold Project Mineral Resource has increased to **1.23Moz (29.6Mt @ 1.3 g/t) with 755,000 ounces in the Measured and Indicated category (17.8Mt @ 1.3g/t).**

Importantly the updated Mineral Resource EXCLUDES the recently discovered Sly Fox deposit, which is located approximately 1.8km from the proposed processing facility. See below for details on the Sly Fox exploration drilling.

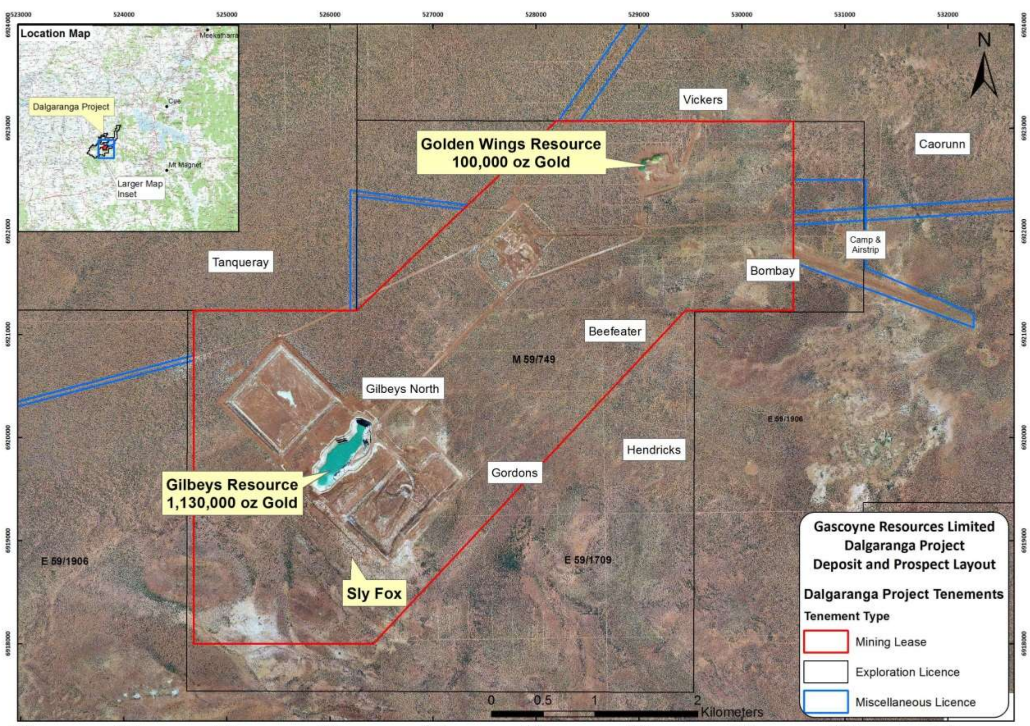

Figure 2: Dalgaranga Site Layout

With the increase to the oxide and transitional resources at Dalgaranga, further mill modelling has shown that the proposed processing plant can treat this soft material at between 3.0 and 3.2Mtpa, well above the 2.5Mtpa rate used in the Feasibility Study. This increase in throughput has potential to significantly increase the production profile in the early years of development.

An updated mine plan and processing schedule is being developed using the updated Mineral Resource. It is expected that the updated production profile along with an updated Ore Reserve will be released in early May.

EPC Letter of Intent Signed:
The Feasibility Study completed in November envisaged an ECPM implementation strategy; however this would have come at a risk of cost overruns. The Board has decided to further derisk the development and implementation of the project by moving to an EPC style of implementation. While this has resulted in an increase to the initial project capital (up from ~$86 million to ~$92 million), the implementation and schedule risks are greatly reduced.

A conditional letter of intent (LOI) has been signed with GR Engineering Services Limited (ASX:GNG) for the award of an engineering, procurement and construction contract in relation to a new 2.5Mtpa mineral processing facility at the Company's 100% owned +1.2Moz Dalgaranga Gold Project.

The award of the contract under the LOI is conditional upon, amongst other things, final Gascoyne Board approval, receipt of final statutory approvals, Gascoyne obtaining the balance of its financing for the Project and finalising the Contract terms and conditions. The Contract will be undertaken on a guaranteed maximum price (GMP) basis.

The Company and GR Engineering are currently negotiating the formal Contract and subject to the satisfaction of the conditions referred to in the LOI, the Dalgaranga Gold Project is scheduled to commence ore commissioning in Q2 calendar 2018.

Further updates on the development activities are epected to be released in the coming weeks.

Financing
The Company is currently in discussions with six Australian and International banks to secure the debt funding for the development. With the recent increase in the Mineral Resource and the expected increase to the production profile that is expected as a result, the Company has elected to defer finalising the debt funding solution to ensure that the funding is undertaken with the most up to date information. This information is currently being compiled and is expected to be with the potential banks in the next week. While the debt funding is being finalised, the equity funding that was secured during the quarter allows development activities to progress.

With the current development schedule, the debt funding is not required to be drawn upon until mid-way through the last quarter of calendar 2017.

Other Development Activities
Sigificant progress has also been made with a number of long lead time items having been secured and tendered. This includes the purchase of a 240 person camp, tendering of the SAG Mill and detailed engineering underway.
Along with the exploration and resource work undertaken during the quarter, significant progress has been made on the permitting of the project. During the quarter the regulatory approvals for construction of the 240 person Dalgaranga accomodation village were received, with the construction of the village underway.

EXPLORATION UPDATE

Two drill rigs have been actively drilling at Dalgaranga for most of the quarter with the drilling designed to infill the Inferred Resources, extend the existing Resources, to test known prospects including the recently discovered Sly Fox deposit and further regional exploration.

As announced on the 7th of October, 15th of December and 9th and 25th of January drilling has intersected significant widths and grades of gold mineralisation at the Gilbeys South Prospect and the recently discovered Sly Fox Prospect (see Figure 3). The drilling is summarised below:

Gilbeys South:

Early in the quarter, additional drilling has been undertaken at the Gilbeys South prospect. The RC drilling results were summarised in the December quarterly (released in 31st January 2017). The RC drilling in the region has now been incorporated in the updated Mineral Resource (as outlined above and announced on the 15th of March).

Metallurgical testwork has also been undertaken on the Gilbeys South mineralisation. The tests completed to date on RC drilling composite samples confirm excellent total recovery not only in the oxide but also from the transitional and fresh mineralisation (see ASX announcement 23rd January).

The tests have demonstrated very rapid leaching kinetics for each of the samples, and overall recovery of between 90.1% and 95.1% (average of 93.3%) after 24 hours, and very high gravity gold recovery of between 24% and 45% (average of 36.5%). These recoveries and leaching kinetics are comparable to the Gilbeys Deposit (see Table 2 and Figure 8 below).

Another favourable outcome of the testwork is confirmation of very low reagent consumption required to achieve the high recoveries. The cyanide consumption from the tests ranged from 0.26kg/t to 0.39kg/t (average consumption of 0.34kg/t). This consumption rate is slightly lower than historically used in the original process plant and adopted in the recently completed Feasibility Study, which assumed 0.4kg/t would be required. Cyanide is one of the highest reagent costs in the process plant, so confirmation of low cyanide consumption from the Gilbeys South prospect is expected to have a positive impact on processing costs for the Gilbeys South prospect.

Table 2: Gilbeys South Metallurgical Composite Sample Results at 90µm

Composite #	Sample Type	Gold Grade (g/t)	Gravity Gold Recovery	Gold Recovery after 12hrs	Gold Recovery after 24hrs	Gold Tail Grade (g/t)	Cyanide Consumption kg/t	Lime Consumption kg/t
WH7324	Transitional	1.52	45.5%	94.8%	94.8%	0.08	0.37	1.97
WH7325	Fresh	1.11	43.1%	88.9%	90.1%	0.11	0.39	0.52
WH7326	Oxide	1.83	33.6%	93.6%	95.1%	0.09	0.26	2.48
WH7327	Oxide	1.47	23.7%	90.0%	93.2%	0.10	0.33	2.82

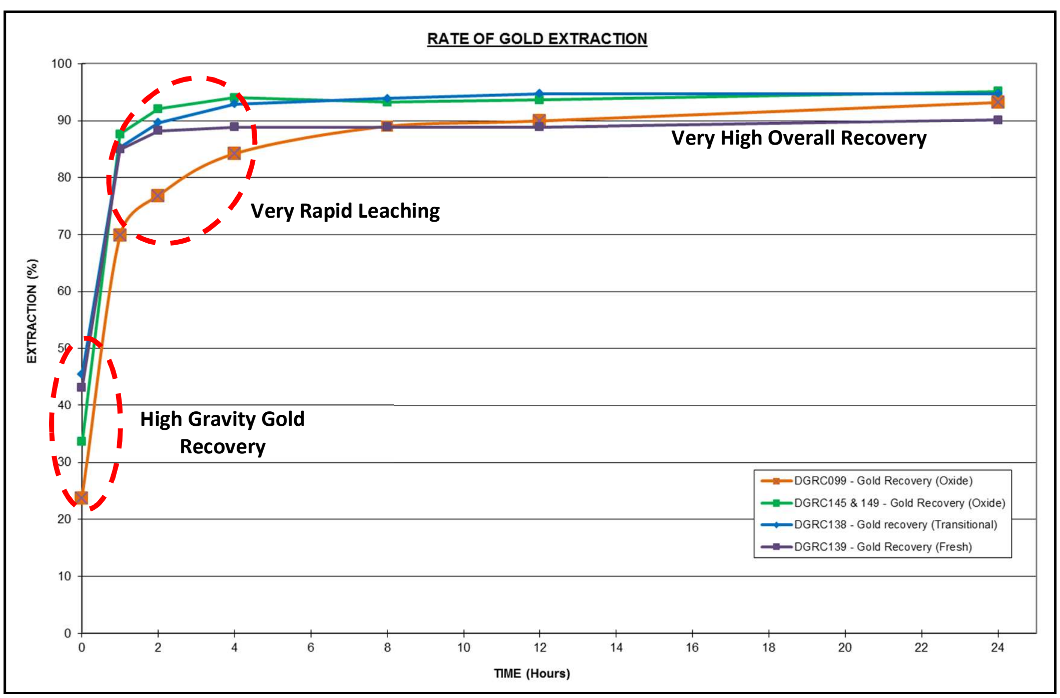

Figure 3: Gilbeys South Metallurgical Extraction Over time

<u>Sly Fox Discovery:</u>
As announced on the 12th of December, Aircore drilling focused on testing structural targets has resulted in a new discovery, **Sly Fox**, where very near surface and significant downhole thicknesses of gold mineralisation were intersected some 600m south of the Gilbeys deposit.

During the quarter, RC drilling has been undertaken to confirm not only the aircore drilling results but also the interpreted trend of the mineralisation. This drilling has identified a mineralised structure that currently can be traced for more than 250 metres from the north west to the south east, an oriientation that had previously not been identified at Dalgaranga. (See Figure 4 to 8)

Initial RC drilling reported by the Company on 14th March and 5th April 2017 identified mineralisation with significant downhole thicknesses and gold grades at the Sly Fox Prospect, including:

- **26m @ 1.8g/t gold, including 15m @ 2.4 g/t**
- **29m @ 1.1 g/t gold**
- **16m @ 1.5g/t**
- **30m @ 1.5g/t gold, including 14m @ 2.6 g/t**
- **23m @ 1.6g/t gold, including 11m @ 2.7 g/t.**

Subsequent shallow RC followup drilling testing updip of previous holes has now been completed and has confirmed wide zones of mineralisation extending virtually right to surface, which can be traced over 250m along strike and to a depth of more than 150m. The shallow intersections include:

- **27m @ 1.6g/t gold from 20m, including 9m @ 3.1 g/t**
- **32m @ 1.0 g/t gold from 4m, including 16m @ 1.5 g/t**
- **19m @ 1.5g/t gold from 16m, including 10m @ 2.45 g/t**
- **13m @ 1.2 g/t gold from 11m**
- **14m @ 1.0 g/t gold from 40m, including 7m @ 1.6 g/t**

At the same time as the shallow drilling was completed, two deep RC drillholes were drilled to test the depth potential at Sly Fox. The first deep RC hole intersected the Sly Fox shear zone and a highly altered package of rocks in the expected position, with results for this hole expected shortly. The second hole deviated from the planned position and as a result the RC rig was unable to drill to the required depth to reach the projected ore zone. A diamond tail is required to extend this RC hole. (see Figure 6 and 8 and ASX announcement dated 20th April 2017).

As released to the ASX on the 5th of April, a programme of aircore drilling targeting stike extensions of the Sly Fox shear zone and a number of other parallel structures identified in aeromagnetic data has also been completed (see Figure 4). Drilling has identified what is interpreted to be the mineralised Sly Fox structure for a further 700m to the SE of known mineralisation with a highly altered schist/shale sequence intersected, assays are pending, with results expected to be received shortly.

The Company has also commenced preliminary metallurgical test work on the Sly Fox mineralisation to determine if it will be capable of being treated through the proposed Dalgaranga Process Plant. Given the Sly Fox mineralisation is hosted in a very similar geological sequence as the Gilbeys deposit, it is expected that metallurgical recoveries will be similar to the other deposits within the Dalgaranga Gold Project.

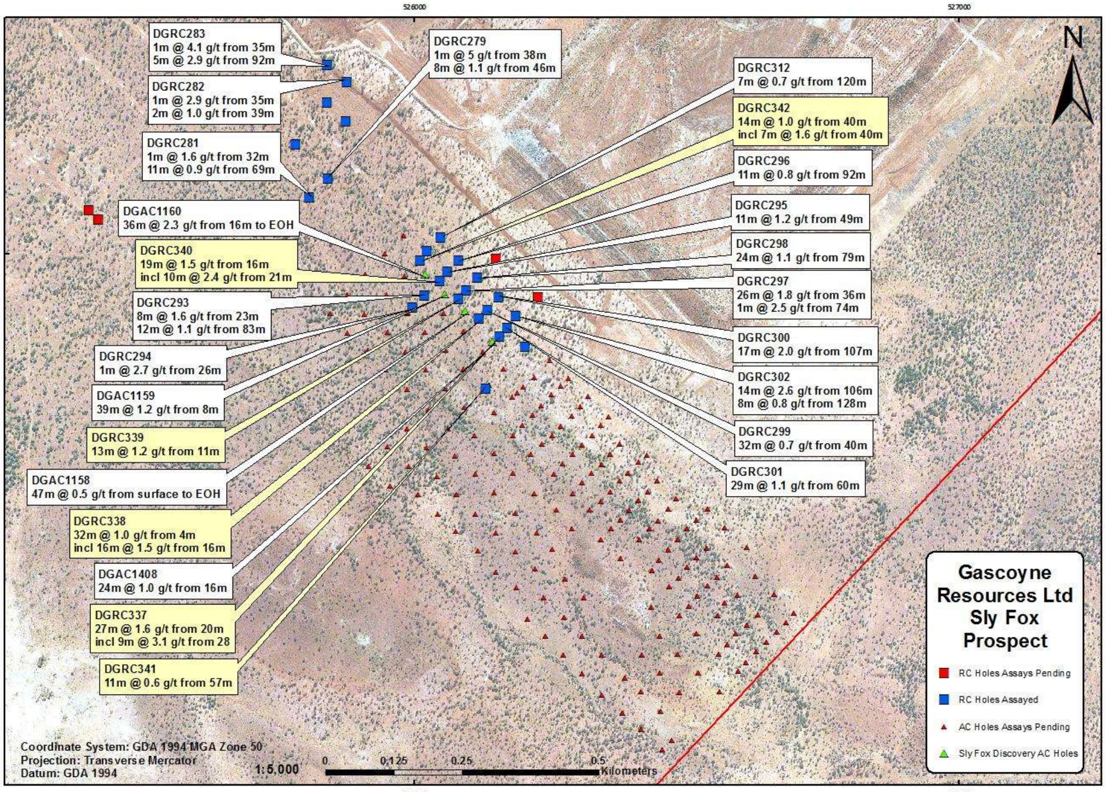

Figure 4: Sly Fox Prospect Location

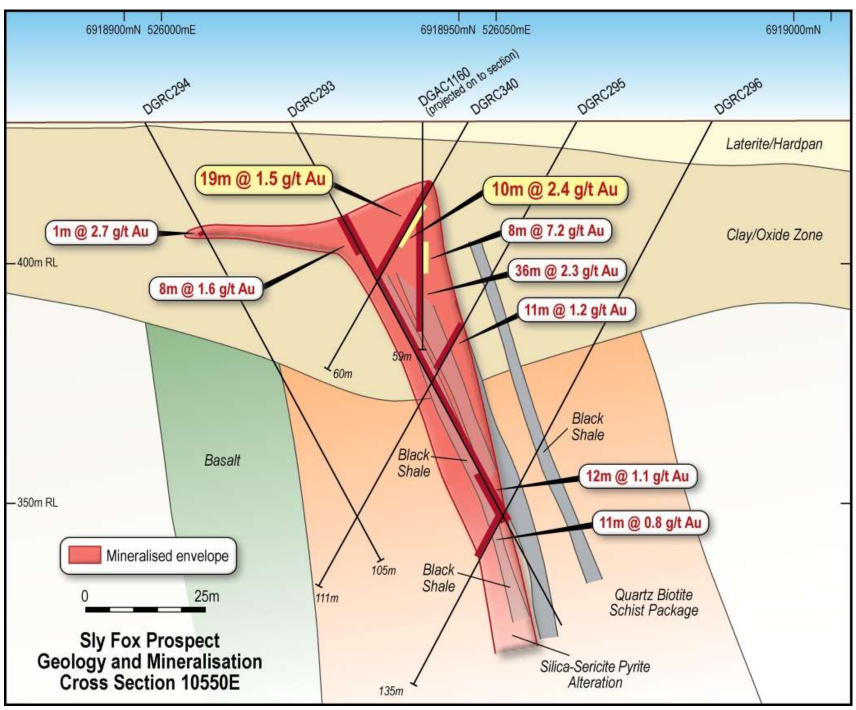

Figure 5: Sly Fox Cross Section 10550E

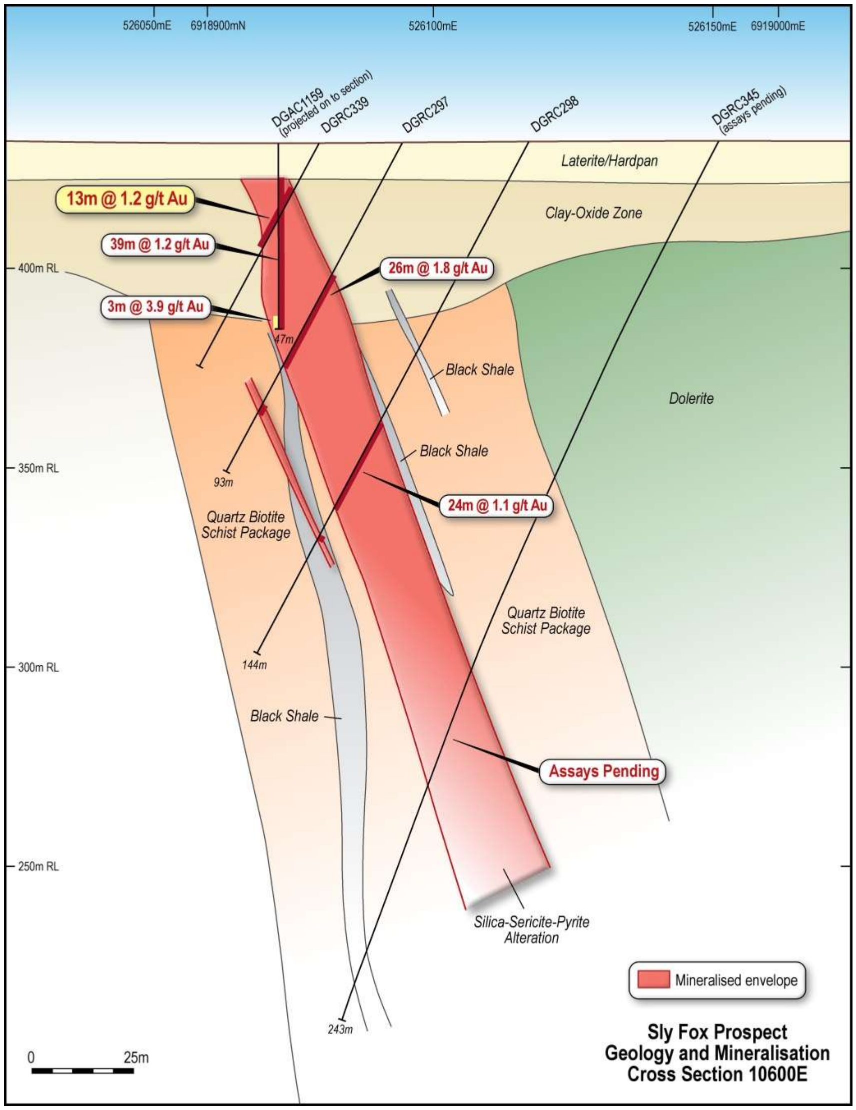

Figure 6: Sly Fox Cross Section 10600E

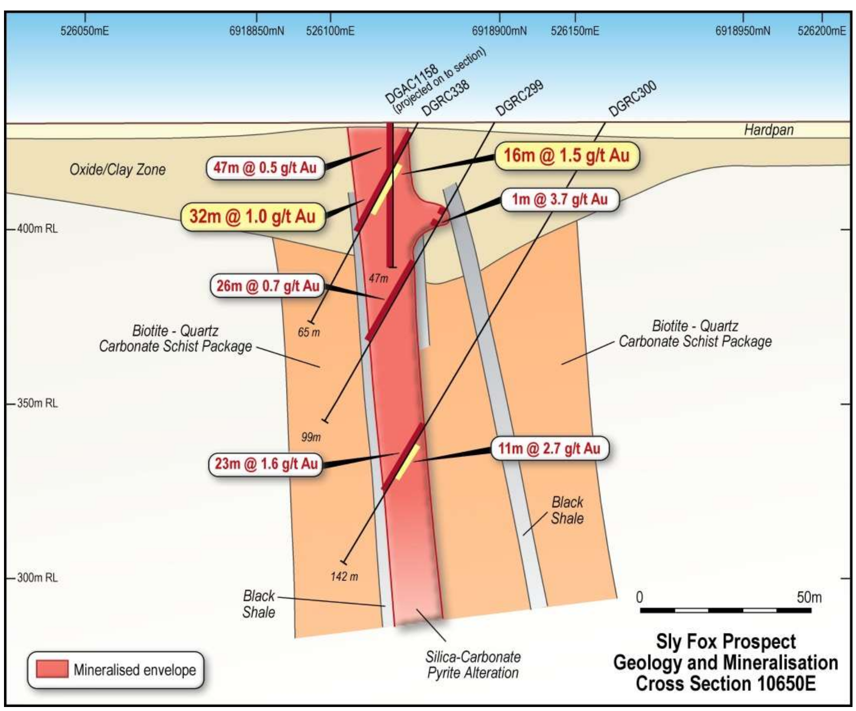

Figure 7: Sly Fox Cross Section 10650E

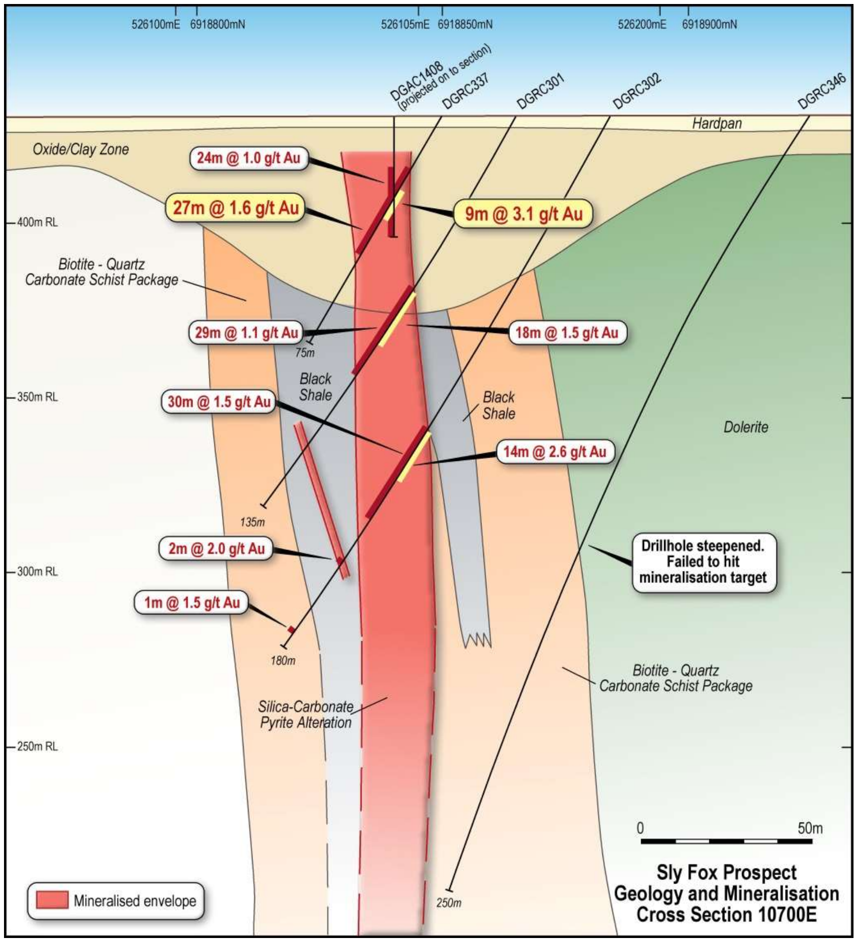

Figure 8: Sly Fox Cross Section 10700E

Regional Exploration:

In addition to the ongoing drill programme at Dalgaranga, a Helicopter Airborne Electromagnetic (HEM) geophysical survey covering approximately 50km^2 has been completed (see Figure 9). The survey has been designed to identify and map conductive stratigraphy, in particular black shales that are intimately associated with gold mineralisation at the Gilbeys, Sly Fox and Golden Wings Deposits.

The HEM survey has identified a number of high priority targets, along strike from the Sly Fox deposit, along strike from the Golden Wings and Gilbeys deposits, and north of the Tanqueray prospect (see Figure 10). The HEM has also identified a number of structures, which previously could not be interpreted from the aeromagnetic data alone.

Processing and interpretation of the new HEM dataset, along with the detailed aeromagnetic data collected in 2016, is ongoing and the new structural targets, along with the conductive EM anomalies, will now be prioritised to maximise the effectiveness of the ongoing drill programme.

GLENBURGH PROJECT

M 09/148, E09/1325, 1764, 1865, 1866, 2025 & 2148, L09/56 & 62 -100% Gascoyne

An initial review of previous exploration completed over the project has highlighted a number of regional +1.0 g/t gold soil anomalies which require further investgation. Ground truthing and confirmation sampling has been completed. The results of the sampling are currently being assessed and reviewed. This sampling is expected to result in a number of new drill targets being identified with a view to undertaking a drilling programme in the current field season.

In addition to the soil anomalies, a number of stream sediment gold anomalies have been identified which are yet to be followed up. Follow up stream sediment sampling and soil sampling is ongoing on these targets and it is anticipated that these exploration activities will lead to identifying drill targets for testing in the 2017 field season.

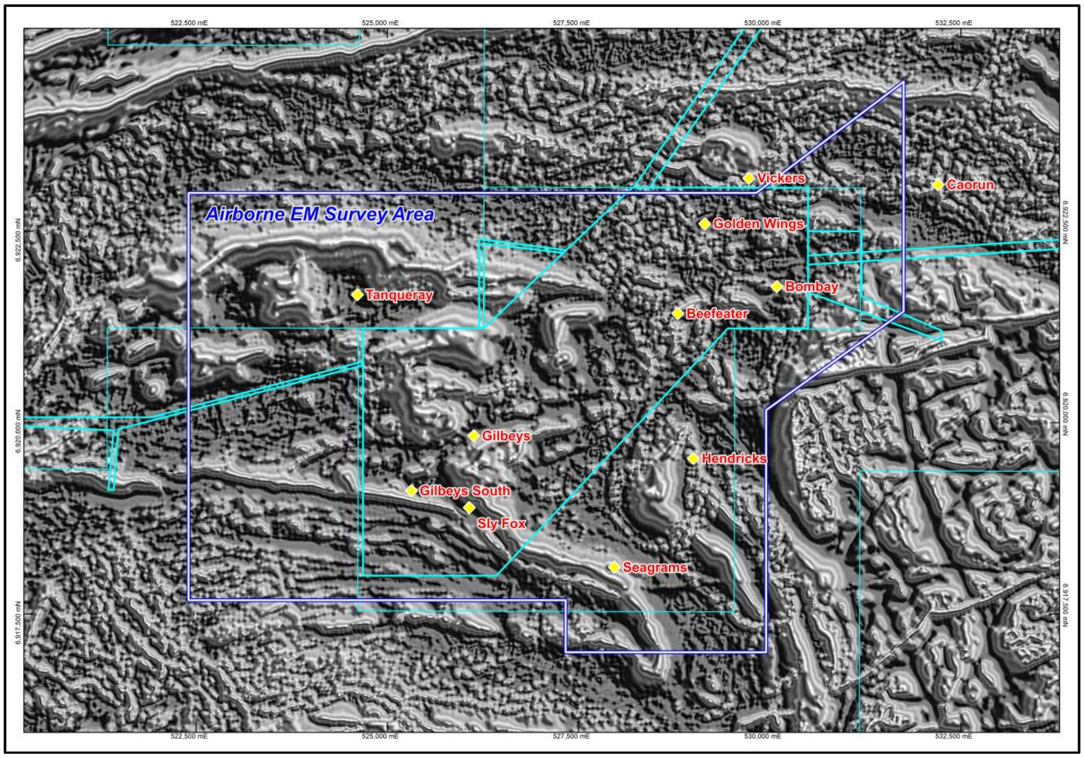

Figure 9: Helicopter Electromagnetic Survey Area over Aeromagnetic Image (dark blue survey outline, tenements outlined in light blue)

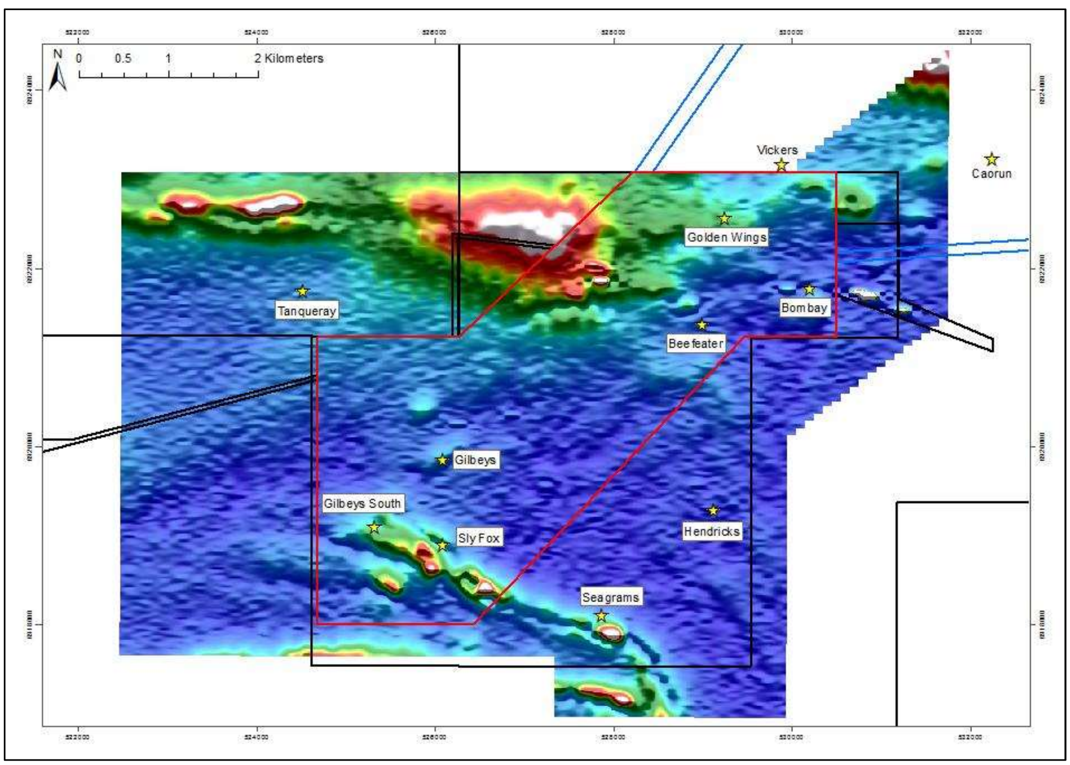

Figure 10: Helicopter Electromagnetic Survey – Late Time (Bedrock) Response (Red and White zones represent more conductive horizons)

Mining Tenements held at 30th March 2017

All the company's tenements are within Western Australia

Tenement	Location	Name	Ownership
ELA09/2211	Gascoyne Region	Bassit Bore	100% Gascoyne Resources
EL21/195	Murchison Region	Dalgaranga	80% Gascoyne Resources
EL59/1709	Murchison Region	Dalgaranga	80% Gascoyne Resources
EL59/1904	Murchison Region	Dalgaranga	80% Gascoyne Resources
EL59/1905	Murchison Region	Dalgaranga	80% Gascoyne Resources
EL59/1906	Murchison Region	Dalgaranga	80% Gascoyne Resources
L59/141	Murchison Region	Dalgaranga	100% Gascoyne Resources
L59/142	Murchison Region	Dalgaranga	100% Gascoyne Resources
L59/151	Murchison Region	Dalgaranga	100% Gascoyne Resources
L59/152	Murchison Region	Dalgaranga	100% Gascoyne Resources
L59/153	Murchison Region	Dalgaranga	100% Gascoyne Resources
ML59/749	Murchison Region	Dalgaranga	100% Gascoyne Resources
EL59/2150	Murchison Region	Dalgaranga	100% Gascoyne Resources
ELA52/3400	Pilbara Region	Elphin Bore	100% Gascoyne Resources
ELA52/3531	Pilbara Region	Elphin Bore	100% Gascoyne Resources
EL09/1325	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL09/1764	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL09/1865	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL09/1866	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL09/2025	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL09/2148	Gascoyne Region	Glenburgh	100% Gascoyne Resources
L09/62	Gascoyne Region	Glenburgh	100% Gascoyne Resources
L09/56	Gascoyne Region	Glenburgh	100% Gascoyne Resources
ML09/148	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL51/1648	Murchison Region	Murchison	100% Gascoyne Resources
EL52/2117	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
EL52/2515	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
ML52/343	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
ML52/567	Gascoyne Region	Mt Egerton	100% Gascoyne Resources
ELA52/3490	Gascoyne Region	Mt James	100% Gascoyne Resources
EL20/799	Murchison Region	Murchison	100% Gascoyne Resources
EL51/1681	Murchison Region	Murchison	100% Gascoyne Resources

Abbreviations and Definitions used in Tenement Schedule:

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

Competent Persons Statement

Information in this announcement relating to exploration results for the projects is based on data compiled by Gascoyne's Managing Director Mr Mike 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 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 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 to the JORC 2012 guidelines. This new JORC 2012 resource, reported above, will form the basis for any future studies.

The information in this Report that relates to Mineral Resources for the Hibernian Deposit is based on information compiled by Mike Dunbar who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dunbar is a full time employee of Gascoyne Resources Limited. Mr 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 2004 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 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.

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 100% owned gold projects combined have over **2.3 million ounces of contained gold on granted Mining Leases**:

DALGARANGA:

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 **29.6Mt @ 1.3g/t Au for 1,230,000 ounces** of contained gold (Table 3). The Dalgaranga project has a **Proved and Probable Ore Reserve of 552,000 ounces of gold** (Table 4).
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 3: Dalgaranga March 2017 Mineral Resource Estimate (0.5 g/t Cut-off)

Type	Measured		Indicated		Inferred		Total		
	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Au Ounces
Laterite			0.5	1.1	0.1	0.8	**0.6**	**1.1**	**20,000**
Oxide	0.2	1.6	1.6	1.6	0.8	1.3	**2.6**	**1.5**	**130,000**
Transitional	0.5	2.1	1.0	1.5	0.5	1.5	**1.9**	**1.6**	**100,000**
Fresh	2.2	1.4	11.9	1.2	10.4	1.2	**24.5**	**1.2**	**980,000**
Total	**2.8**	**1.5**	**15.0**	**1.3**	**11.8**	**1.2**	**29.6**	**1.3**	**1,230,000**

Note: Discrepancies in totals are a result of rounding

Table 4 Ore Reserve Statement - Dalgaranga Project November 2016

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: Discrepancies in totals are a result of rounding

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 5)

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 5: 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 6). 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 6: 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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Gascoyne Resources Limited

ABN	Quarter ended ("current quarter")
57 139 522 900	**31 March 2017**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(260)	(451)
	(e) administration and corporate costs	(402)	(1,053)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	29	75
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other – Income	15	44
	Other - GST	(350)	(424)
1.9	**Net cash from / (used in) operating activities**	**(968)**	**(1,809)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(763)	(1,357)
	(b) tenements (see item 10)	(862)	(4,502)
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- Exploration and Evaluation expenditure	(2,098)	(6,875)
	- Transfers - security	(179)	(179)
2.6	**Net cash from / (used in) investing activities**	**(3,902)**	**(12,913)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	55,013	55,013
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	-	910
3.4	Transaction costs related to issues of shares, convertible notes or options	(3,130)	(3,153)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**51,883**	**52,770**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**5,915**	**14,880**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(968)	(1,809)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,902)	(12,913)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	51,883	52,770
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**52,928**	**52,928**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	**52,928**	**5,915**
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**52,928**	**5,915**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	185
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Paid to directors: $183k.
Paid to associates of directors: $2k (vehicle hire paid to an ASX listed company with common directors)

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other – Credit Card facility	80	6

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Credit card facility held with Westpac bank which is secured by a right of setoff and "locked" term deposit account.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	1,700
9.2	Development	15,200
9.3	Production	-
9.4	Staff costs	327
9.5	Administration and corporate costs	190
9.6	Other (provide details if material)	60
9.7	**Total estimated cash outflows**	**17,477**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	L59/152 E52/3531	Tenement holder Application	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Company secretary

Date: 28 April 2017

Print name: David Lim

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.