

August 7th 2017
Australian Securities Exchange Limited
Via Electronic Lodgement

DALGARANGA GOLD PROJECT – DEVELOPMENT UPDATE

- **Credit approved commitment letters received from a number of tier one Australian Banks that will see the Dalgara Gold Project fully funded, with the Banks expected to be mandated shortly.**
- **Development and construction work progressing on schedule following the Company's \$55M equity raising in March, with first debt draw down expected in November/December;**
- **Engineering and design of the 2.5Mtpa Process Plant well advanced - 60% complete**
- **GR Engineering mobilising to site**
- **Bulk earthworks underway and will be substantially complete by the end of August**
- **240 Person Dalgara accommodation village construction nearing completion**
- **Tailings storage facility (TSF) lift and water evaporation pond construction underway**
- **High speed microwave communications link established**
- **ROM pad construction complete**
- **Power supply contract tender has closed and bid, evaluation is underway**
- **Contract mining tender has been issued, tender closes on the 16th of August**
- **Experienced gold project builder Mr Peter Sperring has been employed as the Dalgara Registered Manager**
- **First gold production scheduled for Q2 2018, currently on budget and on time**

Gascoyne Resources Limited ("Gascoyne" or "Company")(ASX:GCY) is pleased to provide an update on development activities on the Company's 100% owned Dalgara Gold Project, which contains a Measured, Indicated and Inferred Resource of **31.1Mt @ 1.3 g/t for 1,320,000 ounces of contained gold**, which is inclusive of an updated **Proved and Probable Ore Reserve of 14.3Mt @ 1.27 g/t for 581,000 ounces of gold** (see Figures 3 & 4 and Tables 1 & 2 below).

Project Financing:

The Company has received Credit approved approved commitment letters from a number of tier one Australian Banks for the debt which would see the Dalgara Gold Project funded. The letters, and terms for the debt (which are considered industry standard for a facility of this type) are currently being evaluated, with the successful banks expected to be mandated shortly. Construction work funded by the Company's equity contribution to development has been progressing to schedule since the \$55M placement and SPP completed earlier this year. Debt drawdown is not expected until November/December 2017 ahead of scheduled first gold production in Q2 2018.

Project Staffing:

The Company is pleased to announce the appointment of Mr Peter Sperring as the Registered Manager for the Dalgara Gold Mine. Mr Sperring is a qualified Metallurgist and experience manager who has been involved in the successful development of a number of gold mines in Australia over the last 35 years. Mr Sperring brings a



wealth of experience, having recently been involved with the development of Doray Minerals Ltd's , Andy Well and Deflector gold mines in the Murchison of Western Australia. Prior to his involvement in the development of Doray's operations, Mr Sperring managed the Challenger Gold Mine in South Australia for Kingsgate Consolidated and Dominion Mining, and was involved in the development of the 8Mtpa Prominent Hill Copper Gold Project for Oxiana Limited.

Mr Sperrings' duties will include liaising with the Engineering Contractor during construction of the processing plant, recruitment of the mines management team and establishment of site systems.

EPC Construction Update:

GR Engineering (GRES) has progressed significantly with the design and engineering of the 2.5Mtpa Dalgaranga Processing Plant, with design and engineering 60% complete (see Figure 1 & 2).

GRES have commenced mobilisation to site for the construction phase of the build, with civil concrete works having recently commenced on site.

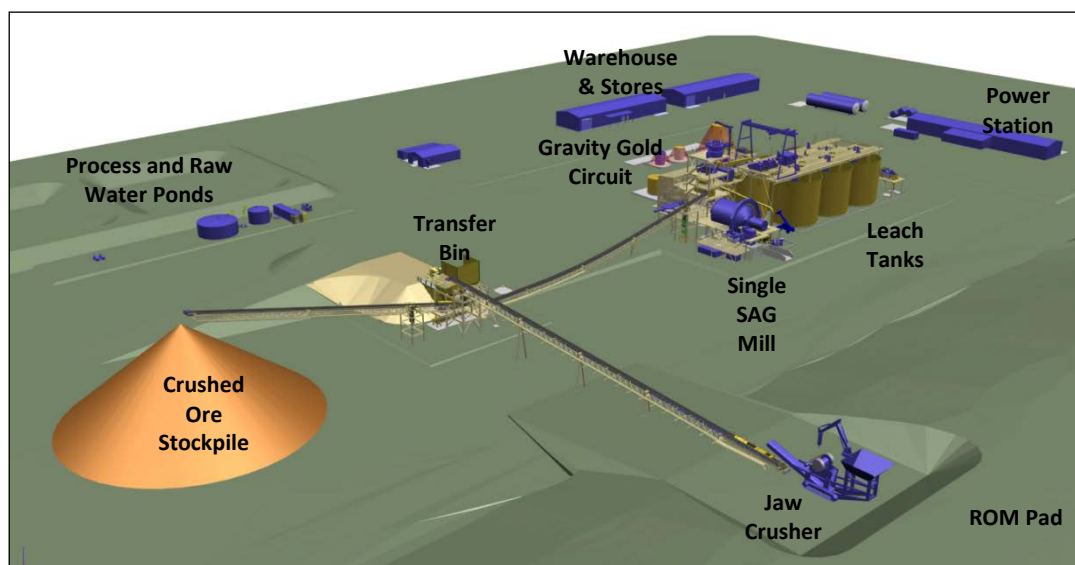


Figure One: Isometric Layout of the Dalgaranga Processing Plant

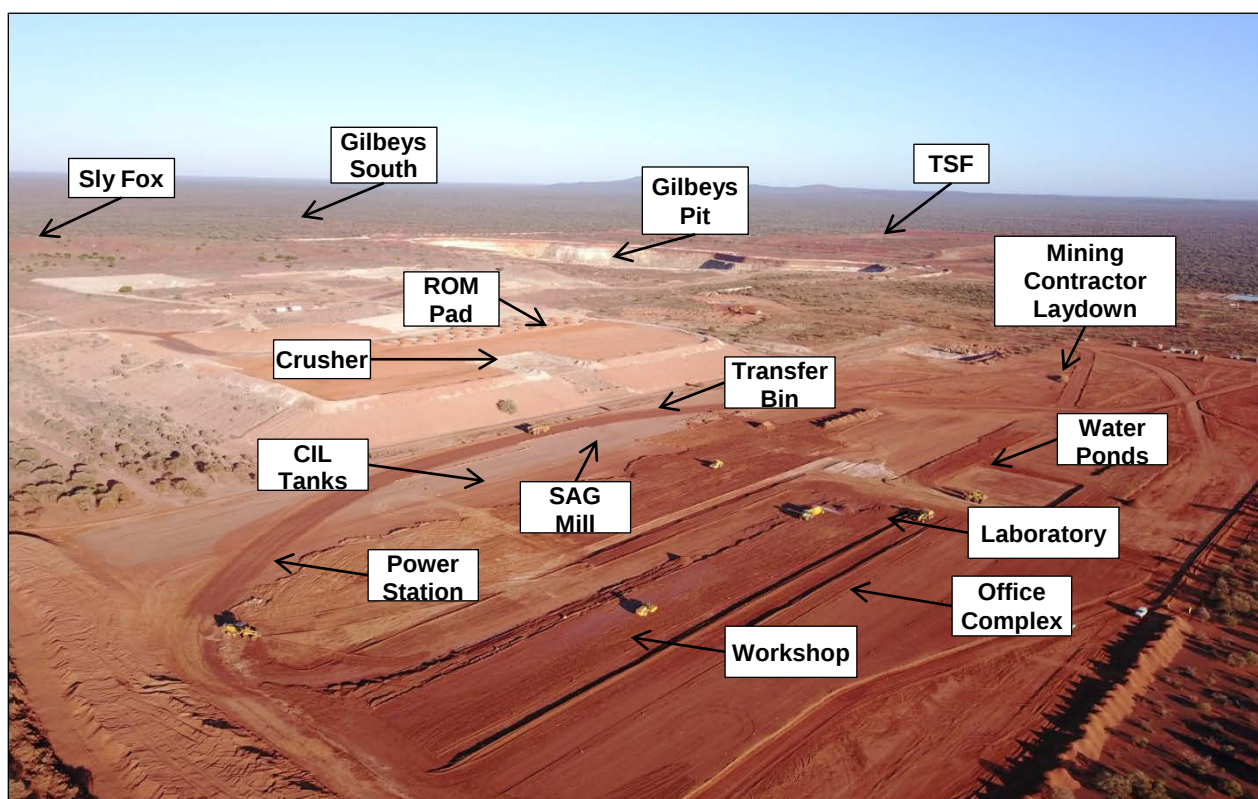


Photo 1: Dalgaranga Plant Site: Clearing complete with bulk earthworks well advanced



Figure Two: Dalgaranga Processing Plant – SAG Mill and CIL Tank Layout

Bulk Earthworks:

The Bulk Earthworks required for the plant site are well advanced, with the area cleared of vegetation and topsoil. The foundation layer is nearing completion and the water pond construction is progressing well (see Photo 1 above). The Bulk Earthworks is on schedule for completion at the end of August, allowing GRES access to site for the plant construction.

Camp Installation:

The 240 person Dalgaranga Village installation is nearing completion, with all of the accommodation units installed (see Photo 2). The Kitchen has been commissioned and the wetmess, gymnasium, office and recreation facilities have been installed, with commissioning underway.

The camp is expected to be completed in the coming weeks, well in advance of the increase in personnel numbers required for construction.

In addition to the camp, the high speed microwave communications link has been established, linking Dalgaranga to Telstra infrastructure (see Photo 3)



Photo 2: Dalgaranga Village Nearing Completion



Photo 3: Dalgara Mid-Point Communications Tower

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

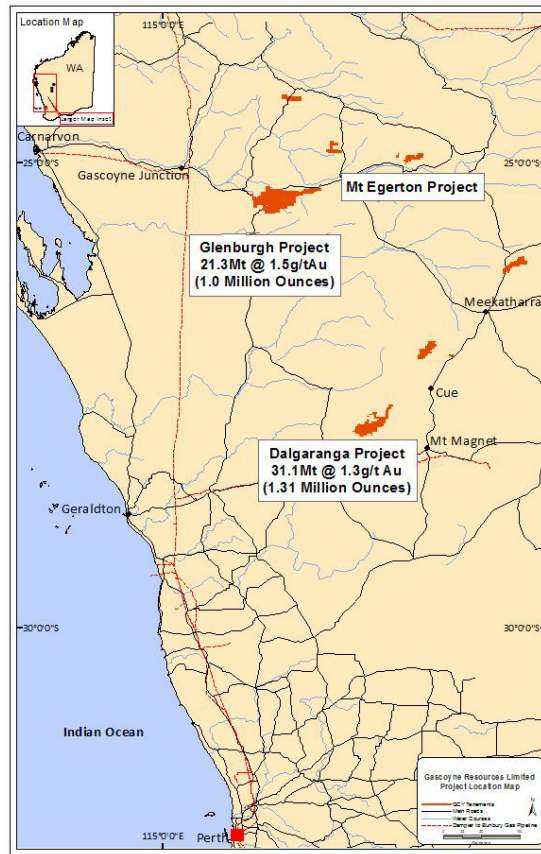


Figure Three: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

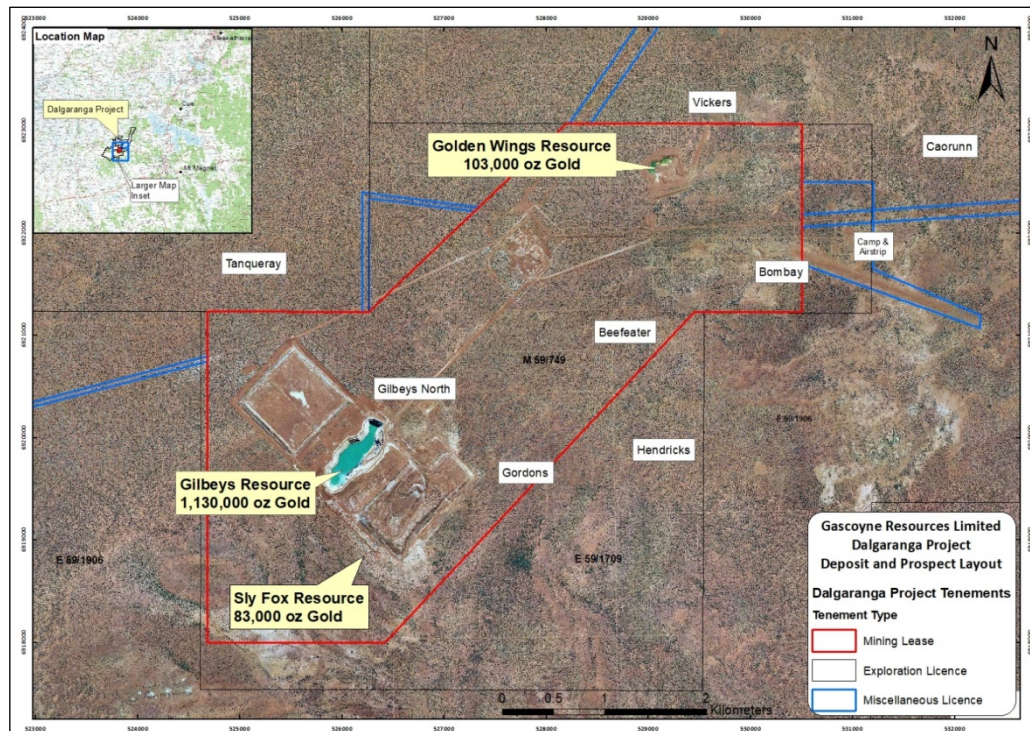


Figure Four: Dalgarranga Gold Project Deposit and Prospect Layout

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 100% owned gold projects combined have over **2.3 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 **31.1 Mt @ 1.3 g/t Au for 1,320,000 ounces** of contained gold (Table 1). The Dalgara project has a **Proved and Probable Ore Reserve of 581,000 ounces of gold** (Table 2). The Ore Reserves are included in the Mineral Resource.

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 2.5 Mtpa processing facility resulting in production of around 100,000 ozpa 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 June 2017 Mineral Resource Estimate (0.5 g/t Cut-off)

Type	Measured			Indicated			Inferred			Total		
	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces	Tonnage Mt	Au g/t	Au Ounces
Laterite				0.6	1.1	19,500	0.02	0.7	500	0.6	1.1	20,000
Oxide	0.2	1.6	8,000	1.8	1.7	97,000	0.8	1.4	40,000	2.8	1.6	145,000
Transitional	0.5	2.1	30,000	1.2	1.4	57,000	0.5	1.5	25,000	2.2	1.6	112,000
Fresh	2.2	1.4	94,000	12.6	1.2	503,000	11.0	1.3	445,000	25.7	1.3	1,042,000
Total	2.8	1.5	133,000	16.2	1.3	676,500	12.3	1.3	510,500	31.1	1.3	1,320,000

Note: Discrepancies in totals are a result of rounding

Table 2 – Breakdown of Material within the Gilbeys and Golden Wings Mine Designs

Deposit	Proved Reserve		Probable Reserve		Inferred Resources		Total		
	Tonnes (Mt)	Au (g/t)	Tonnes (Mt)	Au (g/t)	Tonnes (Mt)	Au (g/t)	Tonnes (Mt)	Au (g/t)	Ounces
Gilbeys	2.9	1.36	10.1	1.21	0.7	1.4	13.7	1.24	553,000
Golden Wings			1.3	1.52	0.2	1.6	1.5	1.5	70,000
Total	2.9	1.36	11.4	1.24	0.9	1.5	15.2	1.28	623,000

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: **21.3Mt @ 1.5 g/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 4.9 Mt @ 2.0 g/t for 316,000 oz (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 (0.5 g/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 (2.0 g/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 developing the 100% owned low capex, high margin Dalgaranga Gold Project which is on schedule to be in production late in the second quarter of 2018, while continuing to evaluate the near term 100% owned Glenburgh Gold deposits to delineate meaningful increases in the resource base and progress project permitting. Exploration is also continuing at the 100% owned 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 exploration – resource drilling at the Dalgaranga project 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 Dalgaranga and Glenburgh Mineral Resources have been estimated by RPMGlobal Holdings 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 15th March 2017 titled "Dalgaranga Gold Resource Increased to over 1.2Moz" and 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 Mr Harry Warries, an employee of Mining Focus Consultants 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 21st June 2017 titled "Dalgaranga Gold Project – Development Update). 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.