GASCOYNE RESOURCES LIMITED
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Australian Securities Exchange Limited
Via Electronic Lodgement

DALGARANGA GOLD PROJECT CONSTRUCTION UPDATE
LESS THAN 5 MONTHS TO FIRST GOLD

- **Construction at Gascoyne's 100% owned Dalgaranga Gold Project is advancing well on all fronts and is currently within budget and on time. First gold production is scheduled for Q2 2018 (within approximately 5 months).**
- **Process plant construction is progressing on schedule for commissioning in May. Activities include:**
  - **SAG Mill and associated components – *offloaded in Fremantle prior to the new year and site installation underway.***
  - **Concrete and civil works – *completed.***
  - **CIL tanks – *completed.***
  - **Ore Transfer Bin construction – *completed.***
  - **Buried services – *completed.***
  - **Structural steel – *fabrication complete and erection well advanced.***
  - **Elution Circuit installation – *well advanced.***
  - **Gold Room construction - *well advanced.***
  - **Installation of mechanical equipment – *underway.***
- **Tailings Storage Facility (TSF) embankment lift and evaporation pond construction - *completed.***
- **Dewatering of Golden Wings, Sly Fox and Gilbeys Pits - *underway (commenced 5 months ahead of mining as planned).***
- **Construction of the Dalgaranga Airstrip - *well advanced*.**
- **Power Station and LNG storage tanks concrete - *completed*. *Generators on schedule for delivery to site in March*.**
- **Mining Contractor mobilisation and establishment - *to commence during January for a March start to mining*.**
- **First phase of Sly Fox and Golden Wings grade control drilling - *completed with results under evaluation*.**

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Gascoyne Resources Limited (**"Gascoyne" or "Company"**)(**ASX:GCY**) is pleased to provide an update on construction activities at the Company's 100% owned Dalgaranga 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 **Proved and Probable Ore Reserves of 15.3Mt @ 1.3 g/t for 612,000 ounces of gold** (see Figures 2 & 3 and Tables 1 & 2 below).

Process Plant Construction Update:

GR Engineering (GRES) has progressed significantly with the design, engineering and construction of the 2.5Mtpa Dalgaranga Processing Plant. Design and engineering is complete and construction is well advanced (See Photos 1-9 below) with completion expected in approximately 5 months on schedule.

Construction of the project has been progressing on or slightly ahead of the original schedule, which will see commissioning and first gold production in the second quarter of 2018. To date the following activities have been undertaken within the process plant:

- Concrete and civil works have been completed including the SAG mill foundations, CIL tank foundations, reagent storage foundations and wet area foundations all complete.
- SAG mill shell and ends have arrived on site, and installation has commenced.
- Crusher foundations have been completed. The modular crusher is scheduled to beloaded for shipping on the 8th of January with delivery to site by mid February.
- CIL tank erection is complete including painting.
- Steel erection on site is well advanced with all of the major structural steel on site and errection progressing on schedule.
- The elution and gold recovery circuit installation has progressed on schedule with the elution heater, carbon regeneration kiln, elution and acid leach tanks, pregnant solution tanks installed along with installation of all of the key gold room components which are ready for electrical connections.
- Instalation of the buried services has been completed.
- Reagent storage area has been completed with the final electrical and piping connections underway.
- Water services area is nearing completion, including reverse osmosis treatment plant, fire system, raw and process water pumps. Electrical and instrument installation is currently underway in this area.

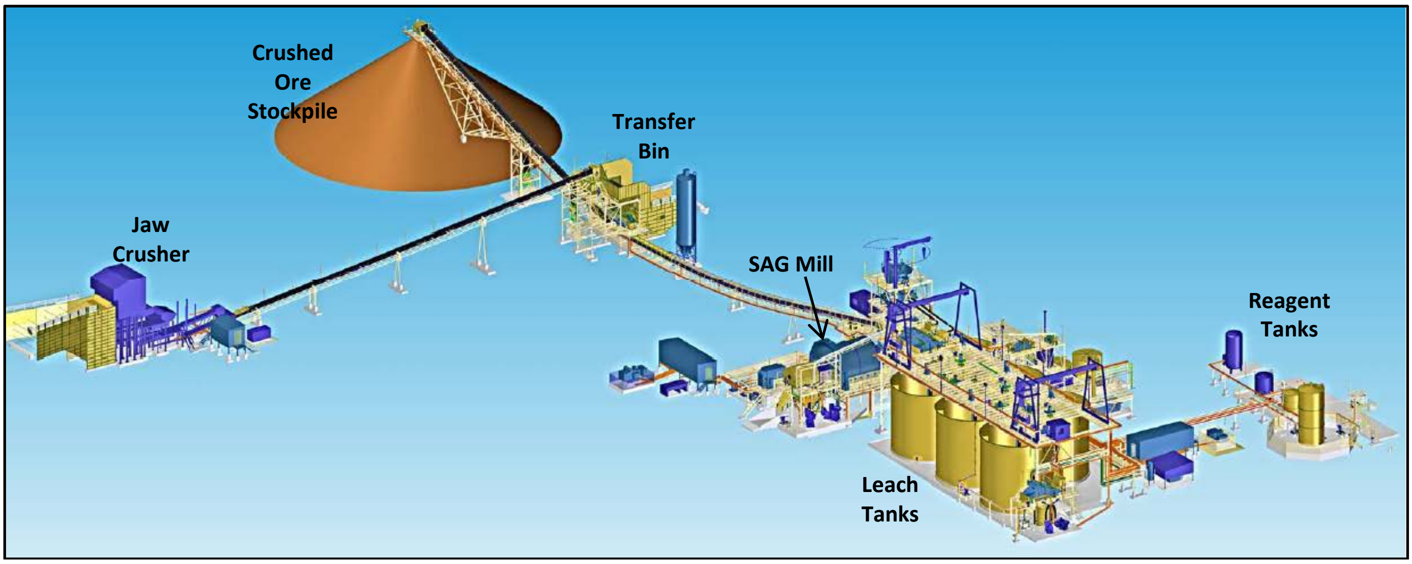

Figure One: Isometric Layout of the Dalgaranga Processing Plant

Photo 1: Dalgaranga Plant Site Construction Progress

Photo 2: Crusher Foundations and MCC, along with Main Feed Conveyors and Ore Transfer Bin

Photo 3: Ore Transfer Bin, including Feed and Stockpile Conveyors

Photo 4: Ore Stockpile Conveyor (CIL Tanks and SAG Mill Foundations in background)

Photo 5: SAG Mill Foundations and Main Cyclone Feed Pumps

Photo 6: SAG Mill Shell and Mill Ends Onsite with Mill Foundations with CIL Tanks in the Background

Photo 7: Elution and Gold Recovery Circuit Construction and Installation Well Advanced

Photo 8: Reagent Storage Area - Nearing Completion

Photo 9: Water Services Area - Well Advanced

Power Station Construction Update:
The Foundations for the power station, along with the fuel storage facility have been completed (See Photos 10 below). The power station and fuel facility is expected to be operational in late April/early May, in preparation for dry plant commisioning, with wet commisioning expected in May.

Photo 10: Power Station and Fuel Storage Foundations Complete

Tailings Storage Facility and Evaporation Pond:

The tailings storage facility (TSF) and evaporation pond construction is complete (see Photo 11 & 12 below). The initial TSF lift comprises construction of a 3.5m embankment. The tailings pipeline is currently being installed. The construction of the evaporation ponds is complete, with dewatering having commenced in October 2017, 5 months ahead of mining at Golden Wings and Sly Fox, and 8 months ahead of mining at Gilbeys (see Photo 13).

Photo 11: Dalgaranga Tailings Storage Facility (foreground) and Evaporation Ponds In Use (background)

Photo 12: Dalgaranga TSF Decant Structure

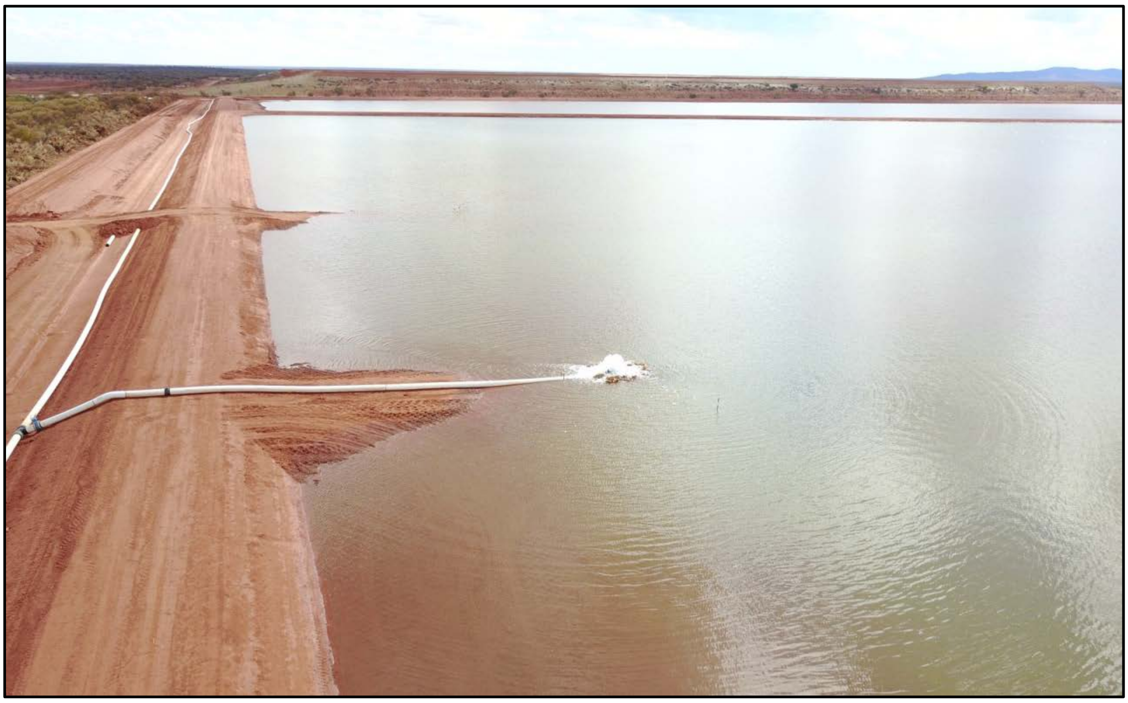

Photo 13: Evaporation Pond Cell 1 Discharge from Golden Wings, Sly Fox and Gilbeys Pits.

Airstrip Construction:
Next to the 240 person Dalgaranga village, clearing has been completed for the airstrip. The runway construction is well advanced and on schedule to allow direct flights to site from March 2018 (see Photo 14).

Photo 14: Dalgaranga Airstrip Construction Well Advanced

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

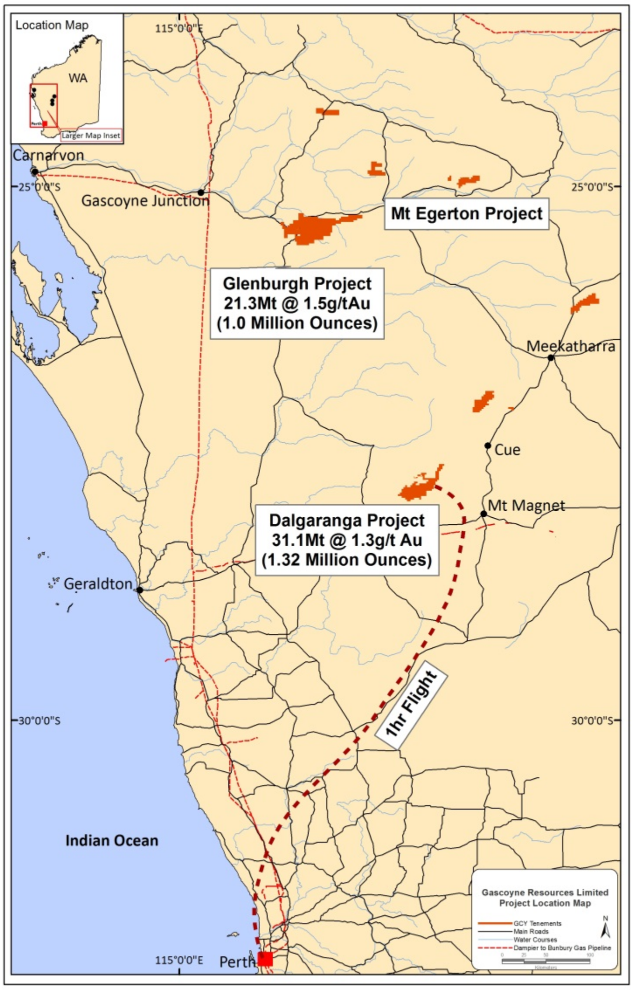

Figure Two: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

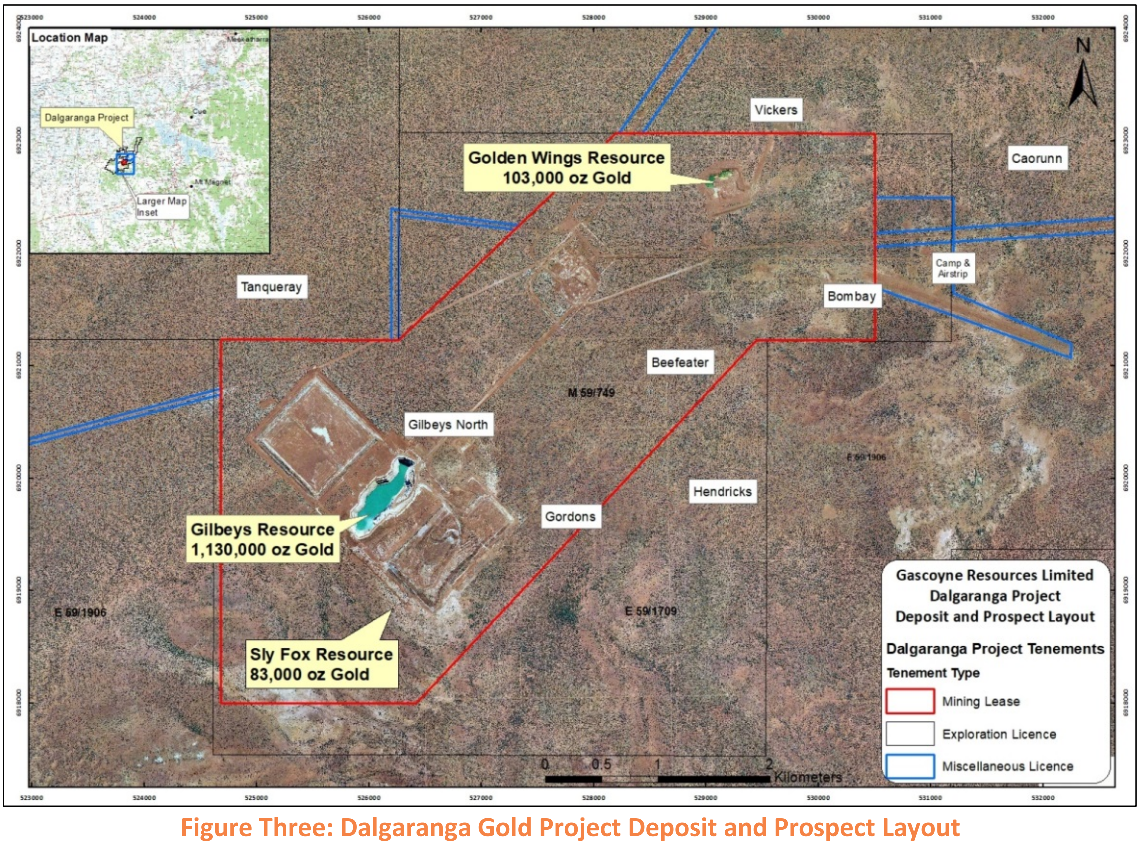

Figure Three: Dalgaranga Gold Project Deposit and Prospect Layout

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 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 Resource of **31.1 Mt @ 1.3 g/t Au for 1,320,000 ounces** of contained gold (Table 1). The Dalgaranga project has a **Proved and Probable Ore Reserve of 612,000 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: Dalgaranga August 2017 Mineral Resource Estimate (0.5 g/t 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
Laterite				0.6	1.1	19,400	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**	**142,000**
Transitional	0.5	2.1	30,000	1.2	1.4	57,000	0.5	1.5	25,000	**2.2**	**1.6**	**109,000**
Fresh	2.2	1.4	94,000	12.6	1.2	503,000	11.0	1.3	445,000	**25.7**	**1.3**	**1,041,000**
Total	**2.8**	**1.5**	**133,000**	**16.2**	**1.3**	**676,000**	**12.3**	**1.3**	**504,000**	**31.1**	**1.3**	**1,320,000**

Note: Discrepancies in totals are a result of rounding

Table 2 Ore Reserve Statement - Dalgaranga Project November 2017

Ore Reserves	Tonnes (M tonnes)	Gold Grade (g/t)	Contained ounces (oz)
Proven	2.8	1.4	122,500
Probable	12.4	1.2	490,000
Ore Reserves Total	**15.3**	**1.3**	**612,000**

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

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 and the high grade Gaffney's Find prospect, which lie on a granted mining leases 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 deposit with drilling testing deeper extensions to known shoots and targeting new shoot positions.

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 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 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 August 2017 titled "Dalgaranga Gold Project – Sly Fox Resource and Exploration Update" 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. Mr Warries is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. (See GCY -ASX announcement 16th November 2017 titled "Dalgaranga Gold Project – Mine Plan Increased to Over 650,000Oz"). 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.