

SUMMARY OF ACTIVITIES

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 exploration programme. Activities have included:

- First drawdown of the debt facility provided by CBA and NAB was completed late in the quarter
- Hedging contracts for 164,000 ounces were executed at a flat forward price (net of fees) of \$1,712/oz
- An updated Ore Reserve and revised mine plan was completed, resulting in over 650,000 ounces within the mine plan, 94% (or 612,000 oz) of which is classified as Proved or Probable Ore Reserve
- Execution of the Power Purchase Agreement with Zenith Energy Limited, securing the long term power solution
- Execution of the mining contract with NRW Holdings, with mobilisation to site commenced ahead of mining in March
- GR Engineering continued the process plant design, procurement and construction with the following activities taking place during the quarter:
 - o Concrete and civils have been completed
 - o Installation of the CIL tanks completed
 - o Ore transfer bin construction completed
 - o Installation of the buried services completed
 - o Installation of the mechanical equipment well advanced
 - o The SAG mill and 650 tonnes of associated equipment has been delivered to site with installation underway
- Construction of the power station and fuel storage facility has commenced
- Administration and maintenance office complex installation completed
- Tailings storage facility (TSF) lift construction has been completed
- Water evaporation pond construction and piping completed and dewatering ahead of schedule
- Airstrip construction well advanced

The project remains on or slightly ahead of schedule, and budget, with first gold scheduled for May 2018

GLENBURGH PROJECT:

Following the 32 hole RC drilling programme that was completed last quarter, planning for an aggressive exploration programme of 30,000m of drilling during 2018 was undertaken during the quarter. Approvals required for this programme have been received, with the drilling scheduled to commence in March / April of this year.

CORPORATE:

During the quarter, the 2017 Annual Report was distributed to shareholders along with the Notice of Meeting for the Annual General Meeting that was held on the 21st of November, all resolutions put to the meeting were overwhelmingly supported.

During the quarter the ongoing transformation of the board continued with the addition of Mr Ian Kerr to the board as an executive director and at the end of December Mr Gordon Dunbar retired.

The Company drew down the first tranche of the \$60 million debt facility provided by CBA and NAB for the construction of Dalgaranga. To fund the ongoing aggressive exploration effort and to provide additional working capital, the Company also undertook a placement to institutional and sophisticated investors to raise \$21 million before costs.

At the end of the quarter, the Company's cash reserves were \$34.4 million after spending approximately \$25.8 million on exploration, development and corporate activities during the quarter.

CORPORATE DETAILS

ASX Code: GCY
 Shares: 434M
 Share Price: 47.5c
 Market Cap: \$207M
 Debt: \$20 million

ASSETS

Cash: \$34.4 million
 Dalgaranga (100%) 1.32M oz Gold
 Glenburgh (100%) 1.0M oz Gold

BOARD

Non-Executive Chairman

Mike Joyce

Managing Director

Michael Dunbar

Directors

John den Dryver

Ian Kerr

Sally-Anne Layman

Stan Macdonald

Graham Riley

CONTACT DETAILS

Telephone: +61 8 9481 3434

Facsimile: +61 8 9481 0411

Email: admin@gascoyneresources.com.au

Web: www.gascoyneresources.com.au

REVIEW OF OPERATIONS

During the Quarter, the focus for the Company continued to be the development of the Dalgaranga Gold Project. Construction continued during the quarter and remains on or slightly ahead of schedule and on budget for commissioning in May 2018. Exploration activities also continued at both of the Company's +1.0 million ounce gold projects. Activities are summarised below:

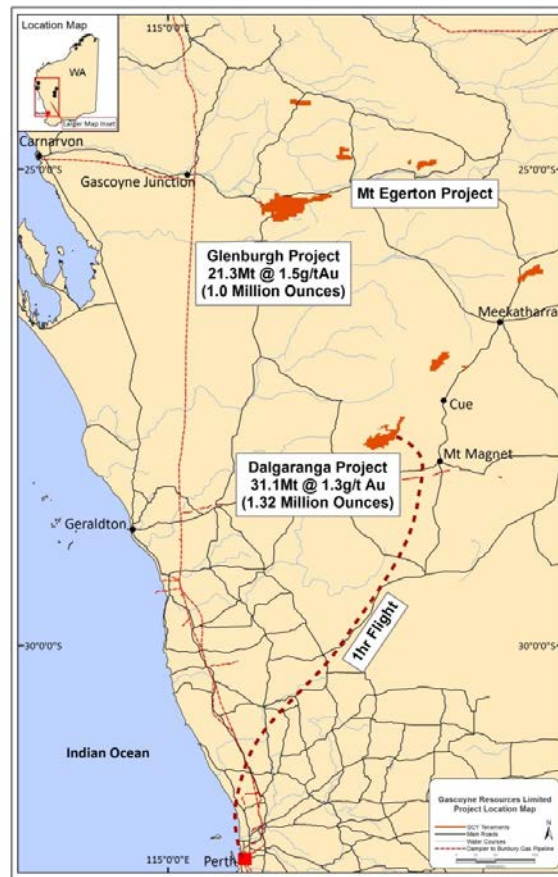


Figure 1: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

DALGARANGA PROJECT

M59/749 & L 59/141, 142, 151, 152, 153, EL59/2150 & 2053 – 100% Gascoyne

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

The Project contains a Measured, Indicated and Inferred Resource of **31.1Mt @ 1.3 g/t for 1,320,000 ounces** of contained gold (see Table 4 below). The updated mining inventory comprises **16.2Mt @ 1.3g/t for 652,000 ounces** of gold which is inclusive of Proved and Probable Ore Reserves of **15.3Mt @ 1.3 g/t for 612,000 ounces** of gold (see Table 2).

Activities at the Dalgaranga project have accelerated further in the quarter with financial close for the \$60 million debt achieved, gold hedging completed, construction activities advancing on schedule with approximately 120 people working on site. On top of the construction and development activities, exploration continued resulting in further improvements in the Dalgaranga mine plan and an increase in the Ore Reserve for the project.

FINANCIAL CLOSE AND FIRST DRAWDOWN

As announced on the 27th of December, Financial Close for the \$60 million loan facility provided by National Australia Bank and Commonwealth Bank of Australia has been achieved, with the Company satisfying all conditions required to access funding through the facility.

First drawdown of the loan facility has occurred with the Company drawing down \$20 million to fund development costs over the coming months.

GOLD HEDGING CONTRACTS

As announced on the 15th of December, the Company has entered into flat forward gold sales contracts for 164,000 ounces of gold production, at a delivery price of \$1,712 per ounce (net of fees).

The first gold delivery under the hedge contracts is due in September 2018 and the last delivery date is June 2022.

UPDATE TO DALGARANGA MINE PLAN

The Dalgaranga mine plan and Ore Reserves have been updated to incorporate the increased Mineral Resource since the June 2017 Mine Plan and Ore Reserve was released (See ASX Announcement 16th November 2017).

The updated mine plan incorporates a nameplate 2.5Mtpa processing plant, currently under construction (see below) and three open pits which will feed the processing plant for more than 6 years, with life of mine (LOM) annual production averaging approximately 100,000ozpa.

Updated Ore Reserves:

The Dalgaranga Ore Reserve has been updated to incorporate a number of changes since the June 2017 Ore Reserve was released. These changes include a redesign of the Gilbeys pit, an update of the Golden Wings Mineral Resource, minor adjustments to the Golden Wings pit and inclusion of the upper portions of the recently discovered Sly Fox deposit.

The revised Dalgaranga Mining Inventory now stands at 652,000oz, including increased Ore Reserves; now 612,000oz (15.3Mt @ 1.3 g/t, see Table 1 & 2). In addition to the Ore Reserve, 40,000oz (0.9Mt @ 1.4 g/t gold) of Inferred Mineral Resource are contained within the new mine designs. The Inferred Mineral Resource accounts for only approximately 6% of the mill feed. (See ASX Announcement 16th November 2017 for full details).

Updated Mining and Processing Plan:

As a result of the discovery of the Sly Fox deposit and revised open pit designs for Golden Wings and Gilbeys, the Dalgaranga mine plan has been updated.

The inclusion of Sly Fox into Years 1 & 2, as well as implementation of a staged mining approach at Gilbeys has allowed utilisation of the processing plant above its nameplate capacity due to the increase in oxide ore. This results in gold production of up to 120,000ozpa for the first two years, while also deferring around 10 Mt to 12 Mt of waste movement from these years of the operation (see Table 3). These changes further improve the early cashflow from the Project. Deferring this waste movement delays approximately \$20 million dollars of costs out of the first two years of the operation, with annual production effectively unchanged and enhancing the ability for early debt repayment.

Table 1 – Mineral Resource Breakdown within the Dalgaranga Pit Designs

Total Material [Mt]	Waste [Mt]	Strip Ratio [w:o]	Measured & Indicated		Inferred		Insitu Ounces (koz)	
			Tonnes [Mt]	Au [g/t]	Tonnes [Mt]	Au [g/t]	Measured & Indicated	Inferred
Gilbeys								
118.2	104.5	7.6	13.0	1.23	0.7	1.3	515	31
Gilbeys South								
3.0	2.8	10.9	0.23	1.12	0.03	3.6	8	3
Golden Wings								
16.4	14.9	9.7	1.4	1.39	0.1	1.5	63	6
Sly Fox Pit								
5.9	5.3	8.2	0.63	1.26	0.01	1.4	26	0.5
Total								
143.5	127.4	7.9	15.3	1.25	0.9	1.4	612	40

Totals may not add due to rounding.

Table 2 – Dalgaranga Gold Project Ore Reserve – As of November 2017

Pit Area	Classification	Ore Reserve	
		Tonnes (Mt)	Au Grade (g/t)
Gilbeys ⁽¹⁾	Proved	2.8	1.36
	Probable	10.4	1.20
	Sub Total	13.2	1.23
Golden Wings	Proved	-	-
	Probable	1.4	1.39
	Sub Total	1.4	1.39
Sly Fox	Proved	-	-
	Probable	0.6	1.26
	Sub Total	0.6	1.26
Total Dalgaranga Ore Reserve		15.3	1.25

Notes: 1. Includes Gilbeys South Pit. All Ore Reserves are completely included within the quoted Mineral Resources and are quoted in dry tonnes. Totals may not add due to rounding.

Table 3 – Summary Mine Production Schedule

Year	Total Material	Waste	Mining Cost	Strip Ratio	Crusher Feed		Stockpile (End of Year)		Ore processed		Rec. Au Ounces
					Tonnes	Au	Tonnes	Au	Tonnes	Au	
	Mt	Mt	\$/t	w:o	Mt	g/t	Mt	g/t	Mt	g/t	Koz
Pre-prod	6.8	6.1	2.08	8.9	0.7	1.04	0.7	1.04			
1	45.0	42.4	1.97	16.5	2.6	1.32	0.5	1.12	2.8	1.29	110
2	34.2	30.8	2.44	9.1	3.4	1.36	1.1	0.90	2.8	1.50	122
3	25.2	22.8	2.87	9.5	2.4	1.24	0.9	0.84	2.6	1.22	92
4	21.2	18.7	3.13	7.4	2.5	1.25	0.9	0.86	2.5	1.24	86
5	8.9	5.8	3.93	1.8	3.2	1.20	0.8	0.83	2.5	1.32	91
6	2.2	0.8	6.05	0.6	1.4	1.18	0.8	0.82	2.5	1.02	69
7									0.4	0.82	8
Total	143.5	127.4	2.60	7.9	16.2	1.3			16.2	1.3	578

POWER PURCHASE AGREEMENT EXECUTED

As announced on the 8th of December, the Company has executed a Power Purchase Agreement (PPA) with Zenith Energy Limited's (ASX: ZEN) to build, own and operate a 15MW gas-fired power station for the Dalgaranga Gold Project.

Under the terms of the PPA, Zenith will construct and operate the power station to service the power needs of the Dalgaranga Gold Project. The power station will utilise LNG gas-fuelled generators, providing the Dalgaranga Gold Project with clean, cost effective power long into the future. The PPA has an initial 6-year term, with GNT Resources Pty Ltd having the option to extend this for a further 4 years.

MINING CONTRACT EXECUTED

During the quarter the Company executed a 6 year contract with NRW Holdings Limited (NRW) for the mining at the Dalgaranga project (See ASX announcement dated 13th of December). The contract is for open pit mining services including drill and blast operations and associated services required for the project and extends for 72 months. Mobilisation has commenced with mining scheduled to commence in March.

DEVELOPMENT AND CONSTRUCTION ACTIVITIES

The Dalgaranga development and construction progressed on schedule during the quarter. Work continued on the process plant, construction of the evaporation ponds and completion of the tailings storage facility (TSF) lift, clearing of the airstrip, water bore drilling and dewatering.

Process Plant Construction Update:

GR Engineering (GRES) has progressed significantly with the design, engineering and construction of the 2.5Mtpa Dalgaranga Processing Plant (see Figure 2). Design and engineering is complete and construction is well advanced (See Photos 1-9 below) with completion expected in approximately 4 months.

Construction of the project has been progressing on or slightly ahead of the original schedule, which will see commissioning and first gold production in May 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 was loaded for shipping on the 12th 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 erection 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.

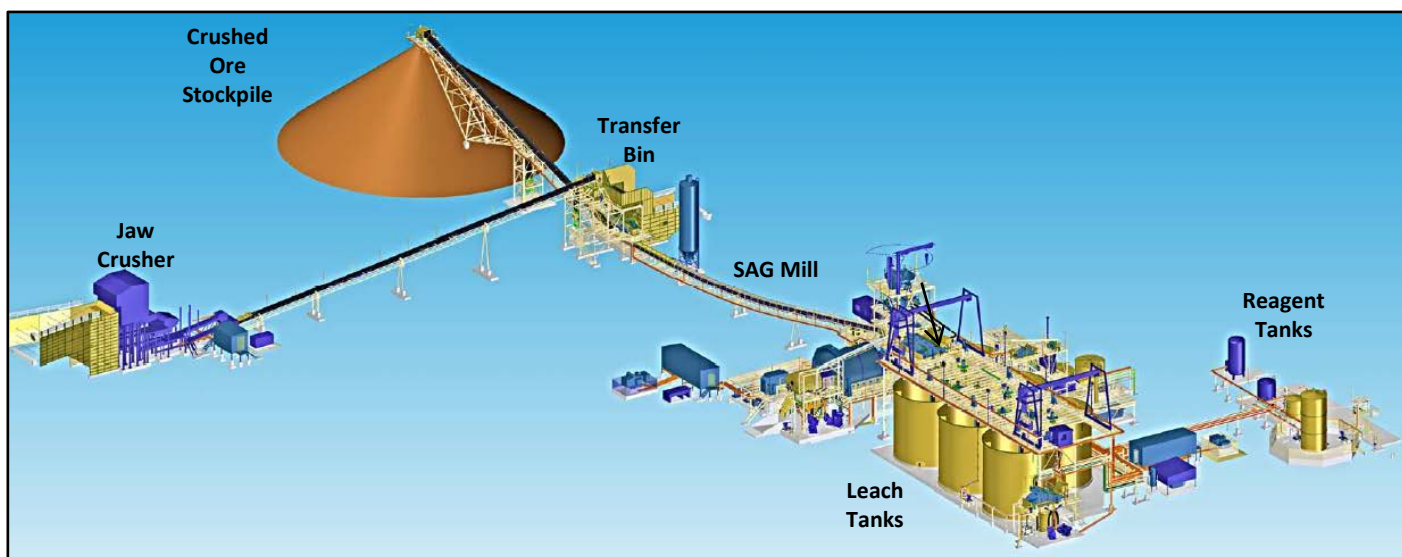


Figure 2: Isometric Layout of the Dalgaranga Processing Plant



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 scheduled to be operational in late April/early May, in preparation for dry plant commissioning.



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: Dagaranga 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 Dagaranga 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: Dagaranga Airstrip Construction Well Advanced

EXPLORATION ACTIVITIES:

Following the discovery of the Sly Fox deposit, exploration has continued along the Sly Fox – Seagrams trend to the south east of the known deposits. This target is the highest priority area to be tested in the accelerated exploration effort that has commenced. The programme for the first 6 months of 2018 includes approximately 40,000 metres of aircore and RC drilling to test the: a) extensions to the Sly Fox Deposit, b) the Seagrams Prospect, c) the Greencock Prospect and extensions, d) other new targets (see Figure 3). Approximately 10,000m of RC drilling will follow up and extend significant exploration results at Greencock, and other anomalous Aircore results (see Figure 3). Results for the current programme are expected to be received progressively from mid to late February 2018.

DALGARANGA PROJECT EXPANDED THROUGH TENEMENT ACQUISITION:

During the quarter, Gascoyne expanded the Dalgara project through the acquisition of the adjoining exploration licence (E59/2053) from a private individual (see Figure 4). The tenement is considered to be highly prospective for gold and base metal mineralisation, and has strong synergies with existing Dalgara tenements. The tenement contains numerous historic gold and base metal prospects, which has not had any drilling activity in over 17 years. Of immediate interest is the Greencock Gold Prospect, which contains a number of significant gold intersections over a strike length of 300m. The prospect remains open at depth and along strike, some of the better intersections from historical drilling at the prospect include; **15m @ 1.5g/t gold, 19m @ 1.6g/t gold, 15m @ 1.1g/t gold and 10m @ 1.1g/t gold**. Greencock is approximately 7.5km from the Dalgara processing plant, which is currently under construction. See ASX release dated 22nd of December 2017 for full details.

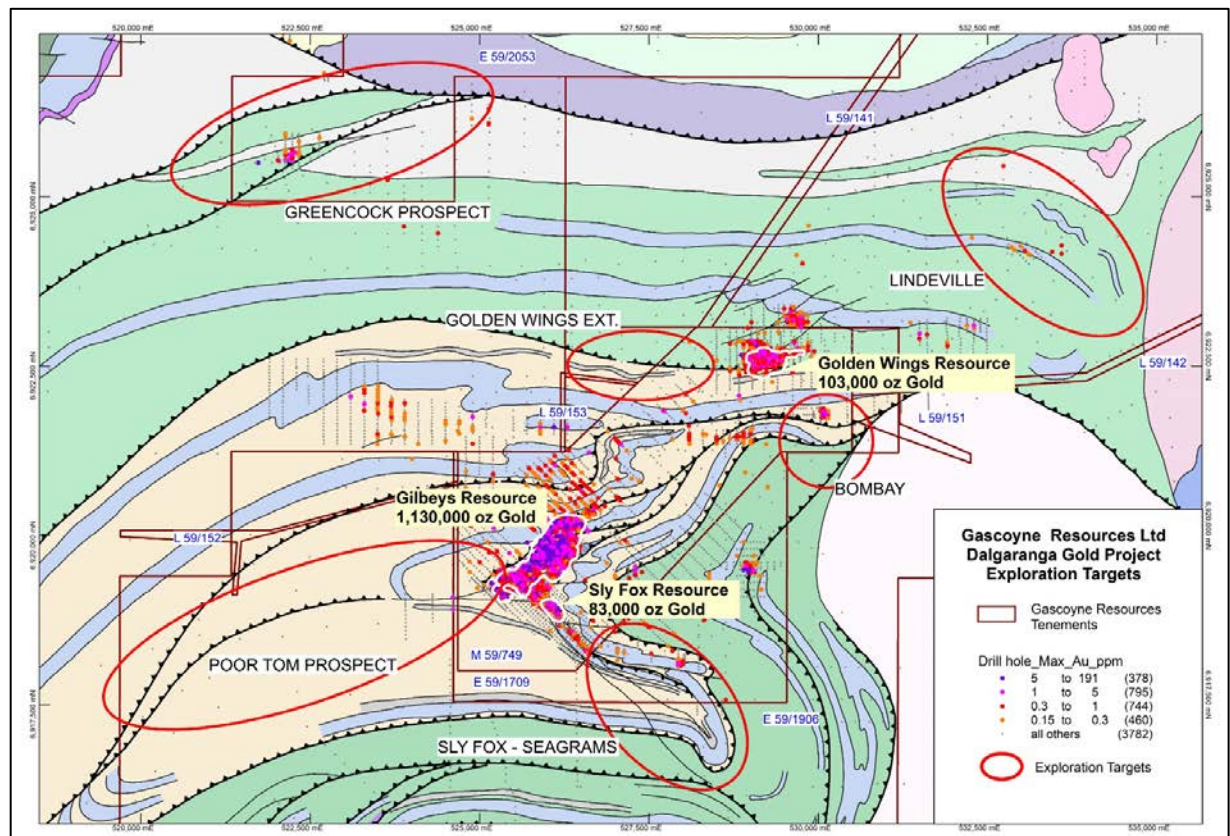


Figure 3: Dalgara Gold Project Deposit and Prospect Layout

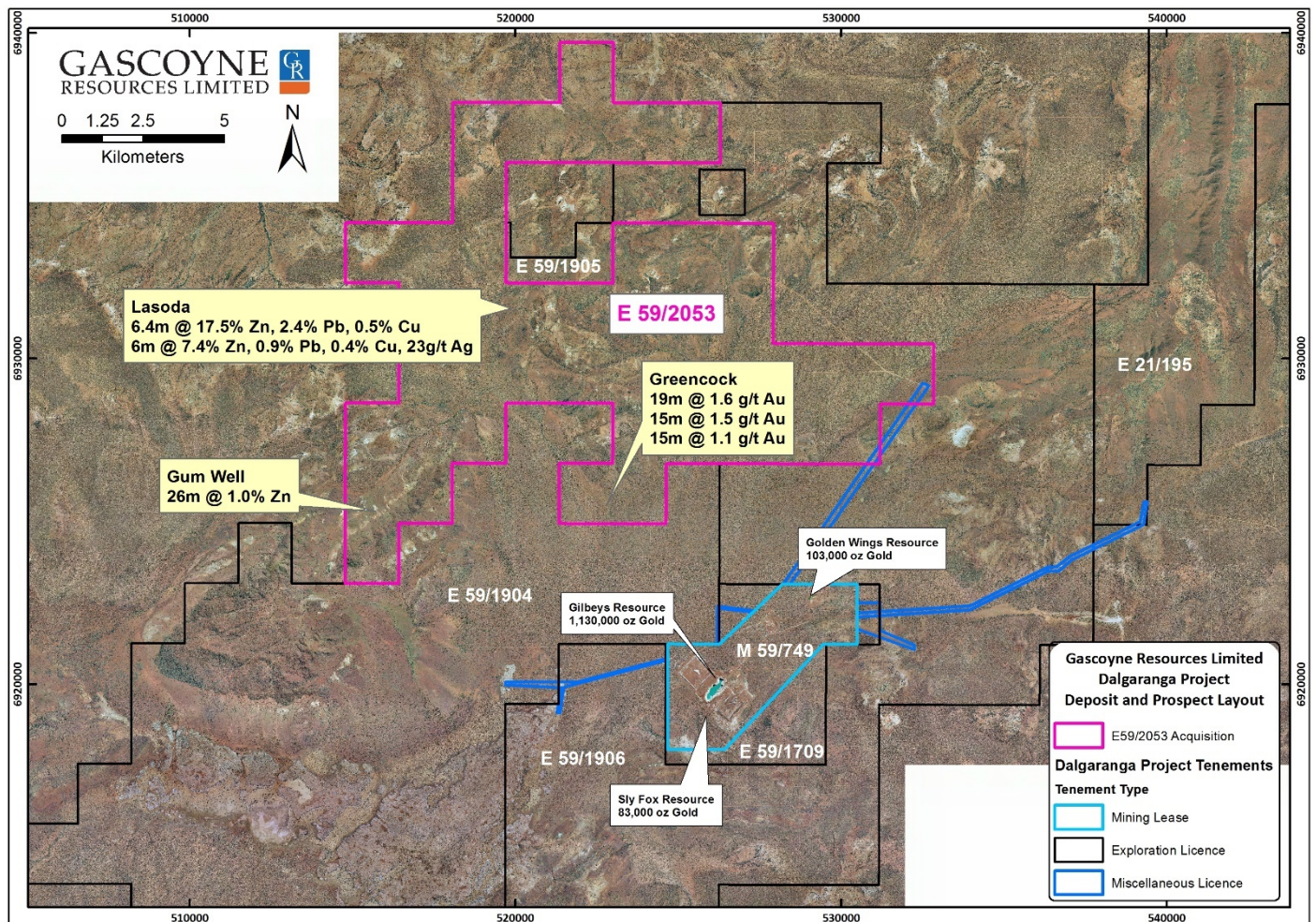


Figure 4: Location of Tenement E59/2053 and Historic Prospects

GLENBURGH PROJECT

M09/148, E09/1325, 1764, 1865, 1866, 2025 & 2148, L09/56 & 62 -100% Gascoyne

Following the 32 hole RC drill programme that was completed last quarter, a review of historical exploration prospectivity and planning for an aggressive exploration effort in 2018 has been undertaken. The programme which will be undertaken in the first half of 2018 includes approximately 30,000m of RC and aircore drilling to confirm and extend the existing known resources and to test regional targets (see Figure 5). This drilling will be undertaken from March to June 2018, while the Dalgara project is being commissioned.

The 2013 PFS is currently being updated to incorporate the increased gold price, the lower diesel price and changes in input costs since 2013. The revised costs will be incorporated into new pit optimisations, assisting in drill targeting, to aid the exploration effort and resource conversion. Given the current focus of construction of the Dalgara Gold Project, the exact timing for the completion of the updated PFS is yet to be determined.

CORPORATE

During the quarter, the 2017 Annual Report was distributed to shareholders along with the Notice of Meeting for the Annual General Meeting, which was held on the 21st of November 2017. All resolutions put to the shareholders were overwhelmingly supported.

Board Changes:

As the Company manages the transition from explorer to gold producer the Board has been actively seeking to add new skills and experience. As part of this transition, Mr Ian Kerr was appointed to the Board as an executive director in November 2017. Mr Kerr commenced as Development Manager with the Company in December 2016 and has been responsible for managing the development of the Dalgaranga Gold Project. Once this has been completed he will commence work on Gascoyne's 100% owned +1.0 million ounce Glenburgh Gold Project. Ian has spent over three decades in both project management and operations management having taken a number of projects through from concept through to commissioning for a number of Australian and international mining companies. Prior to his appointment with Gascoyne, Mr Kerr worked with Mintrex Pty Ltd and acted as the Project Manager for the PFS and FS for the Dalgaranga Gold Project.

As part of the ongoing board transition Mr Gordon Dunbar retired from the Board effective from the end of December 2017. Gordon was appointed as Gascoyne's Managing Director from listing in late 2009 until March 2011 after which he continued as a Non-Executive Director. He has been a major contributor steering the Company from IPO to now having two gold development projects with over 2.3 million ounces in resource and the Dalgaranga Gold Project fully funded and progressing on schedule for first production in Q2 of this year. Gordon has also chaired the Company's Audit & Risk Committee, and was a member of the Nomination & Remuneration Committee.

The Company will continue to assess the composition and skills of its Board as it manages the transition from explorer to producer.

The Board wishes to thank Gordon for his contribution since listing in 2009 and welcomes Ian to the Board.

Financial:

As noted above, the Company achieved Financial Close for the \$60 million loan facility provided by National Australia Bank and Commonwealth Bank of Australia to fund the development of Dalgaranga Gold Project. The Company has satisfied all conditions required to access funding through the facility and the first drawdown of the loan facility has occurred with the Company drawing down \$20 million in late December to fund development costs over the coming months.

Forward gold sales contracts for 164,000 ounces of production from Dalgaranga have also been entered into, securing the gold price a portion of the gold that Dalgaranga will produce up to June 2022. The gold price achieved from these flat forward gold price contracts was A\$1,712/oz, which is a significant premium to the current gold price.

During the quarter, to fund the ongoing aggressive exploration effort and to provide additional working capital, the Company undertook a placement of 56.58 million shares to institutional and sophisticated investors to raise \$21 million before costs. The placement was completed in November, and all funds have been received.

In addition to the placement mentioned above, as part payment for the purchase of E59/2053 at Dalgaranga, the Company issued 950,000 shares to the property vendor, 50% escrowed for 6 months the remainder escrowed for 12 months (see ASX announcement 22nd December 2017).

The 11 million consideration shares for the purchase of the former Dalgaranga JV partner's 20% of the project were released from escrow late in the quarter, following expiry of the 12 month escrow period

At the end of the quarter, the Company had 434.7 million shares on issue and cash reserves of \$34.4 million after spending approximately \$25.8 million on exploration, development and corporate activities during the quarter.

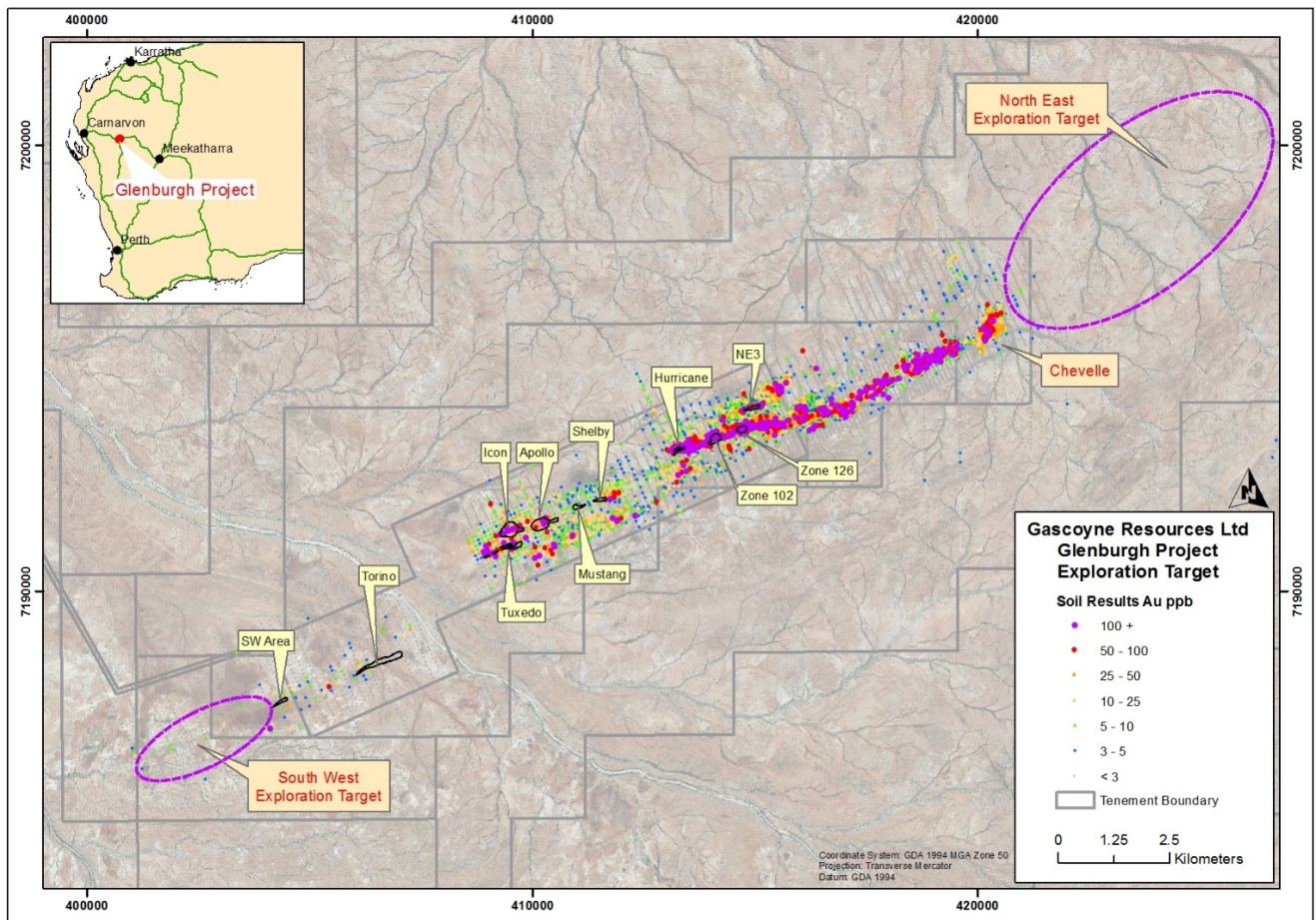


Figure 5: Glenburgh Project Deposit and Prospect Layout

Mining Tenements held at 31st December 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
EL59/2053	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
EL52/3490	Gascoyne Region	Mt James	100% Gascoyne Resources
EL52/3574	Gascoyne Region	Mt Egerton	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

ML Mining Lease

L Miscellaneous Licence

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 Mt Egerton drill intersections referred to in this announcement were prepared and first disclosed under the JORC Code 2004. They have 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.

Information in this announcement relating to the Mt Egerton Gold Project is based on data compiled by Gascoyne's Exploration Manager Mr Karl Weber who is a member of The Australasian Institute of Mining and Metallurgy. Mr Weber has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Weber 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.

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 4). The Dalgaranga project has a **Proved and Probable Ore Reserve of 612,000 ounces of gold** (Table 5). 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 4: 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 5: 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 6)

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 6: 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, **14m @ 71.7 g/t gold, 34m @ 14.8 g/t gold, 8m @ 11.4 g/t gold, 2m @ 147.0 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. Extensions to mineralised trends and new regional targets will be tested with Aircore during drilling campaigns.

Gascoyne is developing the 100% owned low capex, high margin Dalgaranga Gold Project which is on schedule to be in production 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

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 DECEMBER 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(158)	(554)
	(e) administration and corporate costs	(805)	(1,137)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	27	78
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other - GST	(399)	(1,087)
1.9	Net cash from / (used in) operating activities	(1,335)	(2,700)

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(23,200)	(41,384)
	(b) tenements (see item 10)	(100)	(100)
	(c) investments	-	-
	(d) other non-current assets	-	-
	- Mine properties	(649)	(672)
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	(684)	(1,663)
	- Expenditure on Mine Properties	128	(147)
2.6	Net cash from / (used in) investing activities	(24,505)	(43,966)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	21,499	21,499
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,332)	(1,332)
3.5	Proceeds from borrowings	20,000	20,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(900)	(900)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	39,267	39,267

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,948	41,774
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,335)	(2,700)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(24,505)	(43,966)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	39,267	39,267
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	34,375	34,375

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	34,375	20,948
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)	34,375	20,948

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	272
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 executive and non- executive directors: \$272k.		

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 <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	60,000	20,000
8.2	Credit standby arrangements	-	-
8.3	Other – Credit Card facility	80	26
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.		
8.3 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	1,692
9.2	Development	25,125
9.3	Production	-
9.4	Staff costs	325
9.5	Administration and corporate costs	156
9.6	Other (provide details if material)	
	- Capital	90
	- Borrowing Costs	816
9.7	Total estimated cash outflows	28,204

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	E59/2053 E52/3574	Tenement Holder Tenement Holder	0% 0%	100% 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: 31 January 2018



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.