

February 15th 2018
Australian Securities Exchange Limited
Via Electronic Lodgement

DALGARANGA GOLD PROJECT CONSTRUCTION UPDATE 3 MONTHS TO FIRST GOLD

- Construction at Gascoyne's Dalgaranga Gold Project is advancing well on all fronts and is currently within budget and approximately 1 month ahead of schedule.
- Process plant construction is progressing on schedule for wet ore commissioning and first gold in May. Key activities include:
 - SAG Mill - *Installation well advanced.*
 - CIL tanks – *completed.*
 - Crusher - *delivered to site and installation underway.*
 - Ore Transfer Bin– *construction completed.*
 - Structural steel – *fabrication complete and erection well advanced.*
 - Elution Circuit– *installation nearing completion.*
 - Gold Room - *construction nearing completion.*
 - Installation of mechanical equipment – *well advanced.*
 - Electrical installation – *underway.*
- Construction of the Dalgaranga airstrip – *nearing completion.*
- Power Station and LNG storage tank installation – *underway.*
 - Generators are en route to Australia and on schedule for delivery to site in March.
 - LNG storage tank installation underway with first gas on schedule for mid-April
- Mining Contractor mobilisation and site establishment – *underway and on schedule to start mining in early March.*



Gascoyne Resources Limited ("**Gascoyne**" or "**Company**")(**ASX:GCY**) is pleased to provide an update on construction activities at the Company's 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 1-5 below) with completion expected in around 3 months approximately 1 month ahead of schedule.

Construction of the project has progressed ahead of the original schedule, and will now 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.
- SAG mill installation is well advanced.
- The Crusher and ROM bin have been delivered to site and installation is underway.
- CIL tank erection is complete.
- Steel erection on Site is nearing completion.
- The Elution and gold recovery circuit installation has progressed on schedule with electrical cabling and terminations underway.
- 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 almost complete with commissioning of this portion of the plant scheduled for late February.



Photo 1: Dalgaranga Plant Site Construction Progress



Photo 2: Dalgaranga Process Plant Site Overview

(a) ROM Pad, (b) Crusher, (c) Ore Transfer Bin, (d) Coarse Ore Stockpile, (e) SAG Mill, (f) CIL Tanks, (g) Reagent Storage, (h) Power Station, (i) LNG Storage Facility, (j) NRW Mining Facilities, (k) Water Services and Process Water Ponds, (l) Administration Office, (m) Workshop and Stores



Photo 3: SAG Mill Installation – Progressing Well



Photo 4: Top of CIL Tank Steelwork, SAG Mill and Cyclone Tower Construction - Well Advanced



Photo 5: Water Services Area – Ready for Commissioning

Power Station Construction Update:

The Zenith power station and the EVOL LNG fuel storage facility construction is advancing on schedule. Construction of the engine hall and main power control room has progressed significantly in the last month (See Photo 6 below). The backup diesel generators have arrived in Perth and the Jenbacher gas generators have been built and are en route to Australia with delivery to site scheduled for March, with commissioning in late April. The LNG fuel storage tanks are currently being delivered to Site (See Photo 7 below) and are expected to be filled and operational in mid April, in preparation for power station commissioning in late April and the process plant commissioning in May.



Photo 6: Zenith's Engine Hall and HV Switchroom at the Power Station



Photo 7: EVOL's LNG Fuel Storage Tank Being Delivered to Site

Mining Contractor Mobilisation and Site Establishment:

The Mining Contractor (NRW) has commenced site establishment and mobilisation of the mining equipment (see Photo 8 & 9 below). To date one of the excavators, a number of trucks and ancillary mobile equipment has been mobilised. NRW are on schedule to commence mining in early March. As part of the mining contract, NRW have purchased a number of new truck trays that will increase the payloads of the trucks and improve efficiency. A number of these new trays have been fabricated (See Photo 10 below) and are scheduled to arrive on site in the next few weeks.



Photo 8: NRW Site Establishment Underway Including Maintenance Workshops, Offices and Associated Infrastructure



Photo 9: Mobilisation of Mining Equipment is Underway



Photo 10: New Truck Trays ready for Dalgara Mining to Commence

Airstrip Construction:

Adjacent to the 240 person Dalgaranga village, a dedicated airstrip has been built to accommodate charter planes for the FIFO operation. The airstrip is almost complete and will allow direct flights to site from March 2018 (see Photo 11).



Photo 11: Dalgaranga Airstrip Complete

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

On behalf of the board of
Gascoyne Resources Limited

Michael Dunbar
Managing Director



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

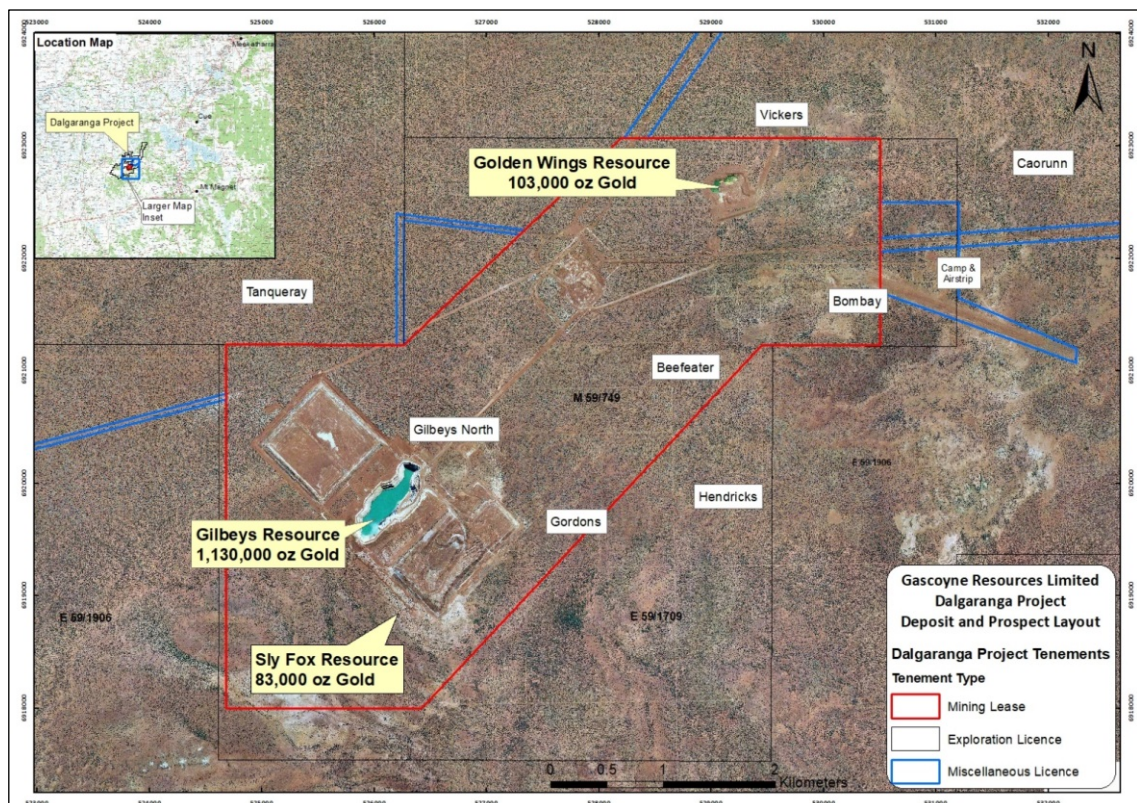


Figure Two: Dalgara Gold Project Deposit and Prospect Layout

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 Resource 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 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: Dalgara 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 - Dalgara 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, **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 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.

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 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 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 Dunbar consents to the inclusion of the data in the form and context in which it appears