GASCOYNE RESOURCES LIMITED
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Via Electronic Lodgement

DALGARANGA GOLD PROJECT CONSTRUCTION & OPERATIONAL UPDATE: FIRST GOLD NEXT MONTH

- **The project remains around one month ahead of schedule and is currently under budget**
- **Process plant construction is 98% complete and on schedule for ore commissioning and first gold in May. Key activities include:**
  - **SAG mill installation is nearing completion**
  - **The crusher and ROM bin installation is nearing completion**
  - **Mechanical installations essentially complete**
  - **Reagent storage area has been completed and pre-commissioned**
  - **Electrical installation is well advanced**
  - **Dry commissioning is underway**
  - **Components are being commissioned progressively as they become available**
- **Mining Update:**
  - **Mining has commenced at Golden Wings, Sly Fox and Gilbeys Pits**
  - **Drill and Blast activities have commenced at Sly Fox and Golden Wings**
  - **Ore is being stockpiled on the ROM pad in preparation for processing in May**
- **Construction of the power station and fuel storage facility:**
  - **All gas fired generators delivered with installation & commissioning underway**
  - **Gas storage and vaporisation facility installed & commissioning underway**
- **Tailings storage facility (TSF) complete and ready for use**
- **Additional hedging contracts for 12,500oz executed, achieving A$1,775/oz for delivery in the next 12 months**

Dry commissioning of the process plant is underway

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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 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 1 & 2 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 nearing completion (See Photos 1-5 below) with first gold production expected in approximately 1 month.

Construction of the project has progressed ahead of the original schedule, which will see initial ore commissioning in early May and first gold production in mid-May 2018. To date the following activities have been undertaken within the process plant:

- SAG mill installation is nearing completion.
- The crusher and ROM bin installation is nearing completion
- Mechanical installations essentially complete
- Reagent storage area has been completed and pre-commissioned
- Electrical installation is well advanced
- Dry commissioning is underway
- Water services area has been commissioned and handed over to Gascoyne's operations team

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) Water Services and Process Water Ponds, (k) Administration Complex, (l) Workshop and Stores

Photo 3: SAG Mill Installation – Nearing Completion

Photo 4: Cyclone Tower Construction Complete and Installation of Mechanical Equipment – Essentially Complete

Photo 5: Water Services Area – Commissioned and Handed Over to Operations Team

Mining Update:

The Mining Contractor (NRW) has commenced mining at the Sly Fox, Golden Wings and Gilbeys pits, with a fleet of five excavators and approximately 18 trucks mobilised to site (see Photos 6 & 7). The establishment of the mining workshops and associated facilities is nearing completion. The ramp up of mining is continuing with full productivity rates scheduled to be achieved in May/June, to align with the commencement of processing. Based on the current mining schedule and the earlier than originally scheduled completion of the processing facility, it is anticipated that there will be around 300,000 tonnes of ore stockpiled on the ROM pad when processing commences in May (see Photo 8 below).

Photo 6: Mining at Sly Fox

Photo 7: Mining at Golden Wings

Photo 8: ROM Ore Stockpile being developed ahead of Processing

Power Station and LNG Storage Facility Construction Update:

Following the execution of the 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 in December, significant progress has been made in construction of the facility and installation of the generators, EVOL's LNG Storage facility and associated control rooms.

The construction of the engine hall and installation (and commissioning) of the control room and the diesel backup generators has been completed (see Phote 9), with power now being delivered by Zenith to the entire site. All four of the gas fired generators have been delivered to site and installation has commenced (see Photos 10).

Commisioning of the gas fired generators is ongoing with the first two expected to be operational by month end and the final two in early May, in time for the commencement of processing.

Photo 9: Zenith's Engine Hall and HV Switchroom & EVOL's LNG Storage Facility

Photo 10: Installation of the Jenbacher Gas Fired Generators Underway

The EVOL owned LNG storage and vaporisation facility has been installed and is currently being commissioned (see Photo 11 below). The storage tanks are currently being cooled in preparation for the first fill of LNG, which is expected to be received today (the 18th of April). This initial fill will provide the gas required for commissioning of the gas fired power station and the elution heater, carbon regeneration kiln and furnace in the process plant.

Photo 11: Commissioning underway of the LNG Storage and Vaporisation Facility

<u>Tailings Storage Facility and Evaporation Pond:</u>

The tailings storage facility (TSF) and evaporation pond construction is complete (see Photo 12 below). The initial TSF lift comprised construction of a 3.5m embankment. The tailings pipeline has been installed and is ready for use (see Photo 13).

Photo 12: Dalgaranga Tailings Storage Facility Ready for Use (foreground) and Evaporation Ponds In Use (background)

Photo 13: Dalgaranga Tailings Storage Facility Ready for Use

Gold Hedging:

As a result of the earlier than scheduled production, the Company has taken advantage of the recent increase in the Australian dollar gold price and has entered into additional gold hedging. Flat forward contracts covering a total of 12,500 ounces of gold at a price of **A$1,775/oz** have been executed. Delivery into these contracts is spread over the September 2018, December 2018 and March 2019 quarters and provides increased level of revenue protection during the early months of production. These gold hedges complete the currently planned gold hedging programme, providing significant revenue protection, while also leaving the bulk of the forecast gold production exposed to future gold price movements.

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

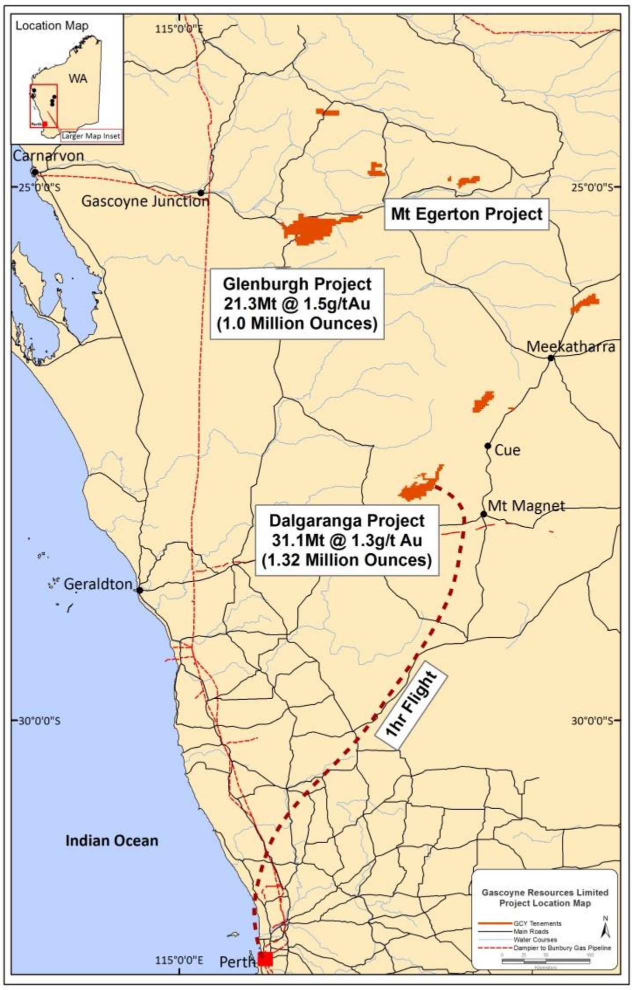

Figure One: Project Locations in the Gascoyne and Murchison Regions

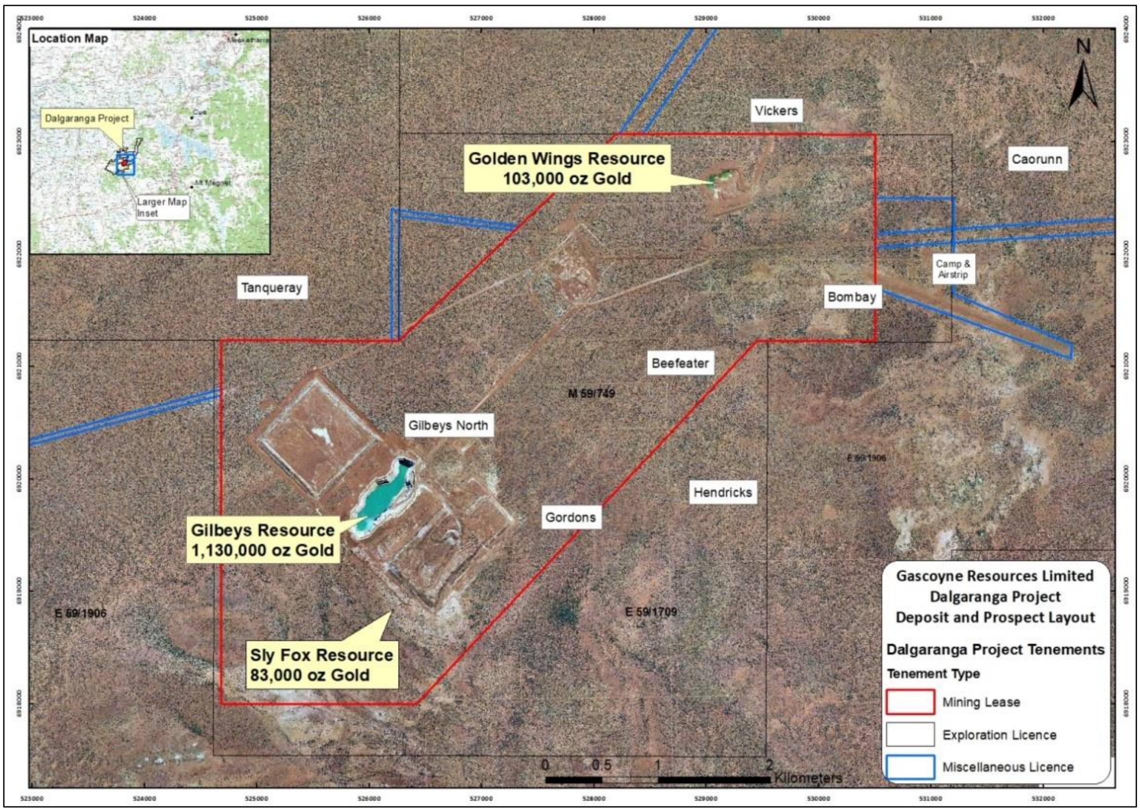

Figure Two: Dalgaranga Gold Project Deposit and Prospect Layout

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 DGP 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 DGP 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 Feasibility Study (FS) that was completed on the DGP in November 2016 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.

As a result of the FS, the Company has progressed through the funding, development and construction phases for the Project. Construction is progressing approximately 1 month ahead of schedule and is on track for first gold production in May 2018.

Significant exploration potential also remains outside the known Resources with numerous historical geochemical prospects only partially 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, **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