JUNE 2018 QUARTERLY REPORT

GASCOYNE RESOURCES LIMITED

57 139 522 900

SUMMARY OF ACTIVITIES

DALGARANGA PROJECT:

During the quarter the Company commenced the transition from explorer to producer with the commencement of Ore commissioning and ramp up of the new 2.5Mtpa processing facility and first gold pour at the Company's 100% Dalgaranga Gold Project, as well as continuation of an ongoing exploration programme. Activities have included:

- GR Engineering completed the process plant construction, commenced the commissioning and ramp up of the plant during the quarter ahead of schedule. The performance test of the process plant was undertaken and passed in mid July.
- Mining continued to ramp up during the quarter with 1.4 million BCM moved in June. Mining rates are planned to increase to around 1.9 million BCM/month from late in the September quarter, improving access to higher grade portions of the deposits.
- Ore commissioning commenced in mid-May
    - 244,560t of low grade near surface ore (0.62g/t) was processed during late May and June as part of the commissioning and ramp up
    - Gold Recovery averaged 89.3% for June versus Feasibility Study 91.3%
- First Gold pour was announced to ASX on 30th May. To the end of June 4,093 ounces had been recovered (~8,530 ounces recovered to date)
    - 2,624 ounces poured; and
    - 1,469 ounces of gold in circuit
- Since the commencement of construction activities the Dalgaranga project remains Lost Time Incident (LTI) free.

The ramp up of the project is continuing targeting commercial production late in the current quarter or early next quarter.

Dalgaranga Exploration continued during the quarter. This exploration identified a new gold trend at the Plymouth Prospect between the Sly Fox and Gilbeys deposits, extensions west of the Sly Fox deposit and confirmed a continuous zone of mineralisation for over 250m at the Greencock prospect. Better intersections include:

Plymouth:	**Sly Fox West:**	**Greencock:**
23m @ 4.1g/t gold	**11m @ 1.5 g/t gold**	**13m @ 2.0g/t gold**
17m @ 2.8g/t gold	**7m @ 2.8 g/t gold**	**12m @ 2.1g/t gold**
27m @ 1.2g/t gold	**5m @ 5.9 g/t gold**	**20m @ 1.0g/t gold**
8m @ 2.5g/t gold	**3m @ 4.3 g/t gold EOH**	**15m @ 1.0g/t gold**

GLENBURGH PROJECT:

Following approvals for the aggressive 2018 drill programme, drilling commenced with three rigs active on Glenburgh during the quarter. Results for part of this programme are expected to be received in the next week.

CORPORATE:

The Company drew down the last $8.2 million of the $60 million debt facility provided by CBA and NAB for the construction of the Dalgaranga Gold Project.

Early in the quarter, the Company held a general meeting to ratify the November 2017 share placement, both resolutions put to the shareholders at the meeting were overwhelmingly supported.

At the end of the quarter, the Company's cash balance was $25.1 million.

CORPORATE DETAILS
ASX Code: GCY
Shares: 434M
Share Price: 45c
Market Cap: $196M
Project Financing Facility: $60M

ASSETS
Cash (30 June): $25.1M
Dalgaranga (100%) 1.32M oz Gold
Glenburgh (100%) 1.0M oz Gold

BOARD
Chairman
Mike Joyce
Managing Director
Michael Dunbar
Directors
Ian Kerr
Sally-Anne Layman
Stan Macdonald
Graham Riley

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REVIEW OF OPERATIONS

During the quarter, the focus for the Company continued to be the construction, commissioning and ramp up of the Dalgaranga Gold Project. The Ore commissioning commenced in mid-May resulting in the first gold pour at the end of May, ahead of schedule. The ramp up to commercial production is continuing, with commercial production expected to be achieved late in the current quarter or early next quarter.

Exploration activities also continued at both of the Company's +1.0 million ounce gold projects. Activities are summarised below:

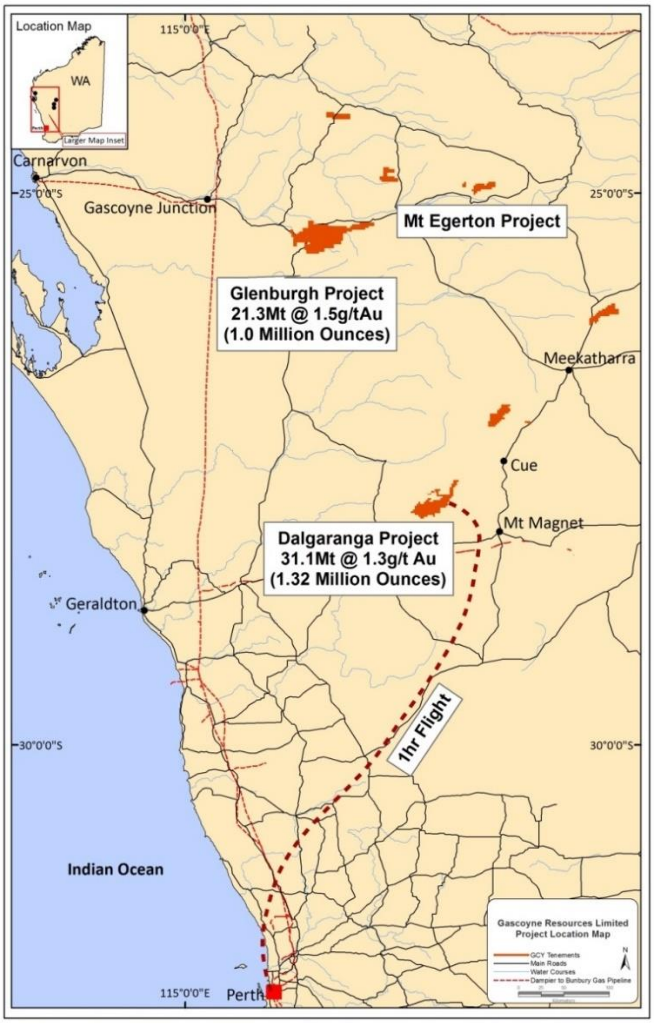

Figure 1: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

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 1 below). The current 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 progressed from construction, into commissioning and operations during the quarter, with up to 250 people working on site during the quarter.

SAFETY

Pleasingly the project remains Lost Time Incident (LTI) free, since the commencement of construction activities in April 2017 (456 days LTI free to the end of June 2018).

CONSTRUCTION UPDATE

GR Engineering (GRES) completed the construction and commissioning of the new 2.5Mtpa Dalgaranga Processing Plant during the quarter ahead of schedule (see Photo 1 below). Ore commissioning commenced in mid-May, leading to the first gold pour at the end of May (see Photo 2 below). Following commissioning, the ramp up of the processing plant progressed through June. Plant availability was 71% during June, broadly in line with the 75% availability assumed during the process plant ramp up. The mill availability for July to date is 96%.

The performance test for the plant was undertaken in mid-July to confirm that it meets the design criteria. The test confirmed that all aspects of the processing plant are running at least at nameplate capacity and in many cases better than expected.

The performance test showed:

- Crusher throughputs well above design throughput of 360t/hr and up to 450t/hr achieved
- Milling rate of 300t/hr achieved (annualised rate of 2.5Mtpa) and up to 365t/hr achieved
- Mill Availability of 99% during the test (+96% for July to date)
- Gold Recovery of 94% for duration of test

During the quarter, Zenith Energy Limited (ASX: ZEN) completed the construction and commissioning of the 15MW gas-fired power station and EVOL completed the installation and commissioning of the LNG storage facility.

Photo 1: Dalgaranga 2.5Mtpa Process Plant

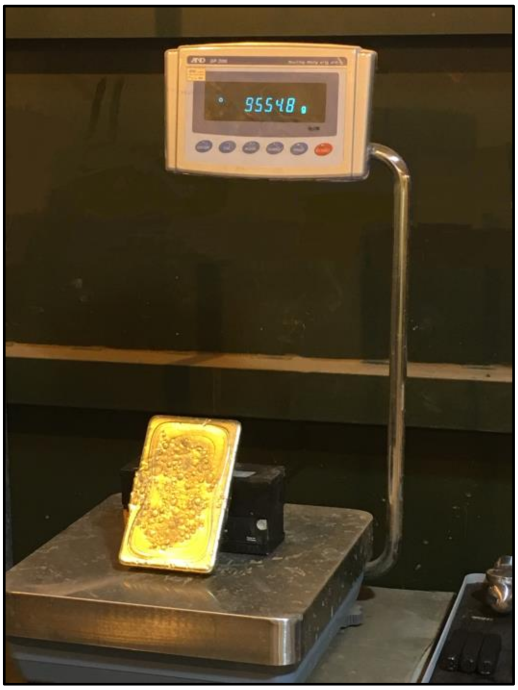

Photo 2: First Gold Production

PRODUCTION UPDATE

With the process plant commissioned ahead of time, the focus has moved to operations and in particular the ramp up of mining. After the process plant was commissioned and first gold poured, ramp up of production effectively commenced on the 1st of June. Operational performance results for June are as follows:

- 244,560t of low grade ore (0.62g/t) was processed during the quarter as part of the initial commissioning and ramp up
- Gold Recovery averaged 89.2% for June versus Feasibility Study 91.3%
- To the end of June 4,093 ounces had been recovered (~8,530 ounces recovered to date)
  - 2,624 ounces poured; and
  - 1,469 ounces of gold in circuit

As per normal for an operation at the commencement of its ramp-up, lower grade stockpiles were a larger proportion of initial ore feed during the quarter. The ramp up of the project to commercial production is continuing and is expected to be achieved late in the current quarter or early next quarter.

Mining Update:

The Mining Contractor (NRW) has continued to ramp up mining at the Sly Fox, Golden Wings and Gilbeys pits. The mining rates in these first few months have been lower than forecast, with total monthly movement rates for June of around 1.4 million BCM achieved, with the rates planned to increase to around 1.9 million BCM per month from late in the current quarter. The mining rates have been lower than projected to date, largely due to site establishment taking longer than expected and lower than planned machine availability in the early stages of mining, along with delays due to rain in June and some unplanned additional blasting required for near surface hardpan material.

With the process plant commissioning being completed ahead of schedule and the slower than anticipated ramp up of mining activities more of the low grade laterite ore from Golden Wings which was scheduled to be stockpiled, was required to be processed. As a result, the grade of the material processed during the quarter was lower than planned. At the end of July, each of the pits will effectively be through zones of near surface variable grade, and have reached approximately 410RL, below which consistent and higher grade material commences. Delivery of higher grade oxide ore to the mill is forecast to improve as the pits develop over the coming months and the operation optimises its mining practices (see Figures 2 & 3).

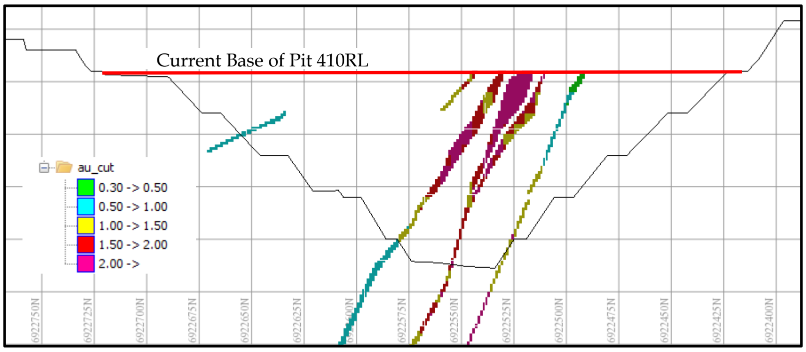

Figure 2: Golden Wings Cross Section through pit and block model below 410RL as at end of July

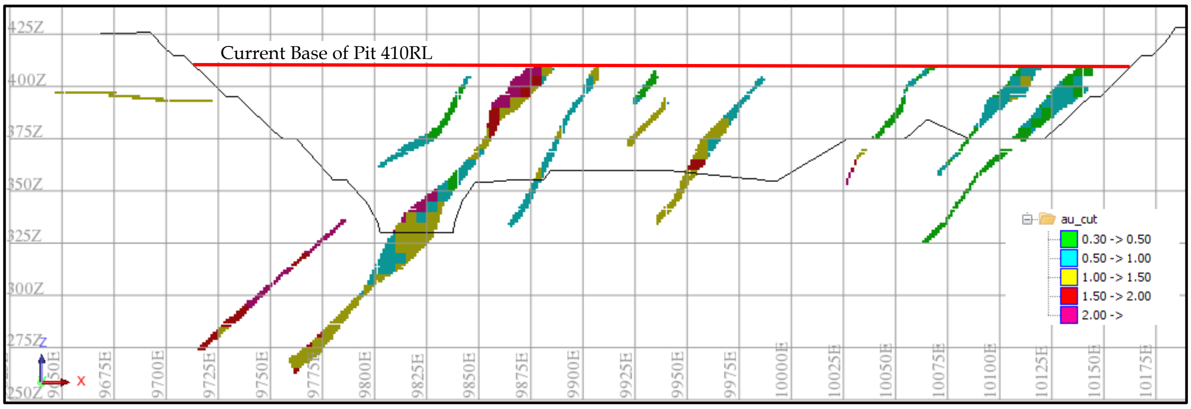

Figure 3: Gilbeys Cross Section through pit and block model below 410RL as at end of July

EXPLORATION ACTIVITIES

An aggressive exploration programme has continued at Dalgaranga with two drill rigs active on the project during the quarter. The drilling has targeted extensions to the Sly Fox deposit and testing the area between the Sly Fox and Gilbeys deposits as well as regional exploration. As announced on the 17th of April, 9th of May and 5th of June, this exploration has resulted in discovering extensions to Sly Fox, identification of a new gold trend between Gilbeys and Sly Fox (the Plymouth prospect) and confirming the continuity of mineralisation over +250 metres at the Greencock prospect (see Figure 4).

Sly Fox

At Sly Fox RC drilling west of the known resource intersected a shallow and high grade zone of mineralisation. The zone of mineralisation starts around 20m below the surface, with grades well above the average for the Sly Fox deposit; better intersections include **3m @ 4.3 g/t gold** from 21m to EOH, **5m @ 5.9 g/t gold** from 24m, **7m @2.8 g/t gold** from 29m and **11m @ 1.5g/t gold** from 32m and **2m @ 5.0 g/t gold** from 45m (see Figure 5). The new gold zone discovered on the western edge of Sly Fox occurs outside the existing resource and west of the current open pit mining operation (see ASX Announcement 17 April, 2018). Follow up RC drilling of this zone has been completed with assay results expected to be received in the coming weeks.

Plymouth

Follow up RC drilling of the gold zones intersected immediately west of the Sly Fox deposit (as outlined above) has led to further significant intersections from the new Plymouth prospect (see ASX announcement 5th June,2018). The new intersections occur 150m north west of the current open pit mining operation at Sly Fox. The Plymouth high grade RC drill intersections contain **23m @ 4.1g/t gold (including 17m @ 5.0g/t gold), 17m @ 2.8g/t gold, 4m @ 6.2g/t and 1m @ 22.4g/t gold** and are related to a north trending and westerly dipping zone defined to date by drilling to be over 150m in length; open to the north and open down dip. Mineralisation is related to quartz veined and silica, pyrite, biotite altered schists (see Figure 5). Drilling was orientated toward the SW (225°) which is now believed to be oblique to the optimum drilling direction and therefore the true widths of the Plymouth mineralised zones are expected to be approximately 10 to 15m wide. Follow up drilling has been completed with results expected over the coming weeks.

Seagrams

First pass aircore drilling has been completed in the Seagrams prospect area which occurs approximately 1km to the SE of the Sly Fox deposit. This drilling was carried out on 100-200m space lines targeting VTEM conductors and South east trending structural zones. To date the wide spaced drilling has intersected numerous anomalous gold zones between 200-300ppb gold range (Figure 6). The most significant anomalous gold zone was 27m @ 0.5 g/t gold from 27m, including 1m @ 7.4g/t Au and 1m @ 1.5g/t Au. Drilling at Seagrams has intersected typical Dalgaranga rock sequences of sheared mafic and intermediate volcanics and black shale.

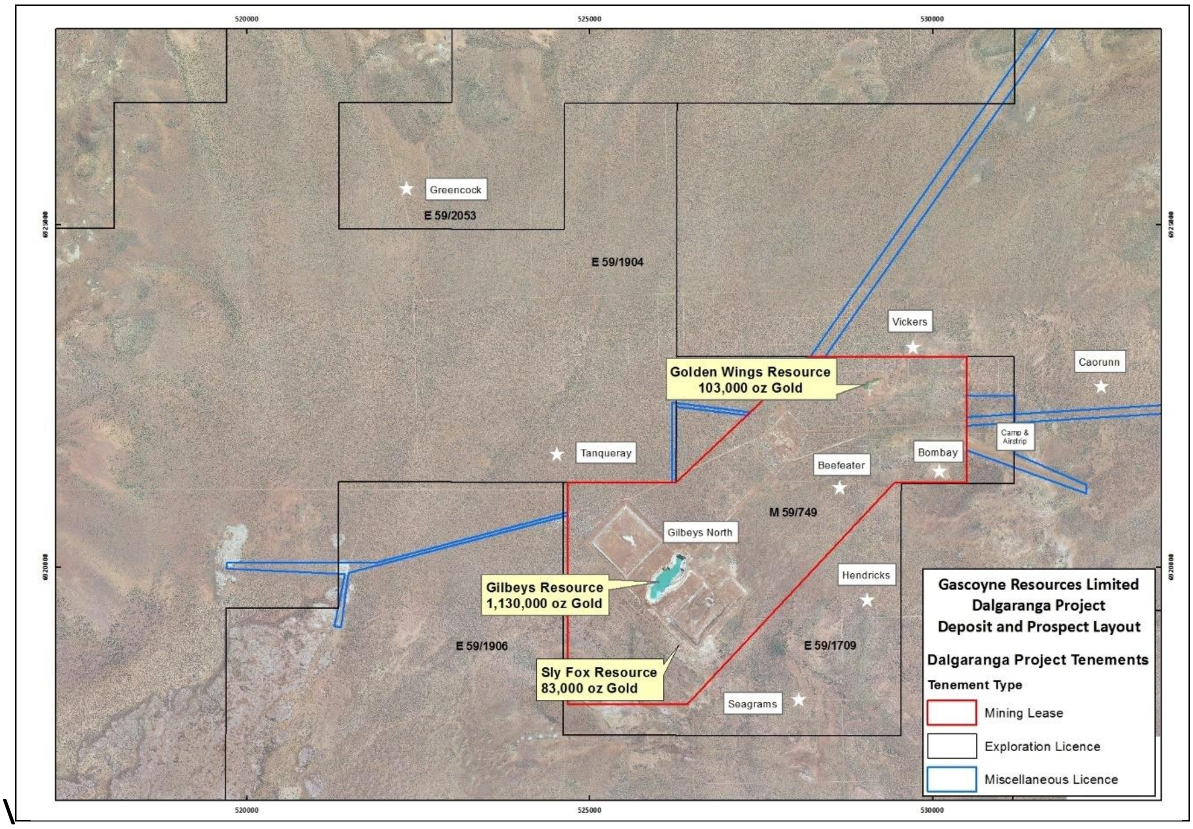

Figure 4: Dalgaranga Gold Project Deposit and Prospect Layout

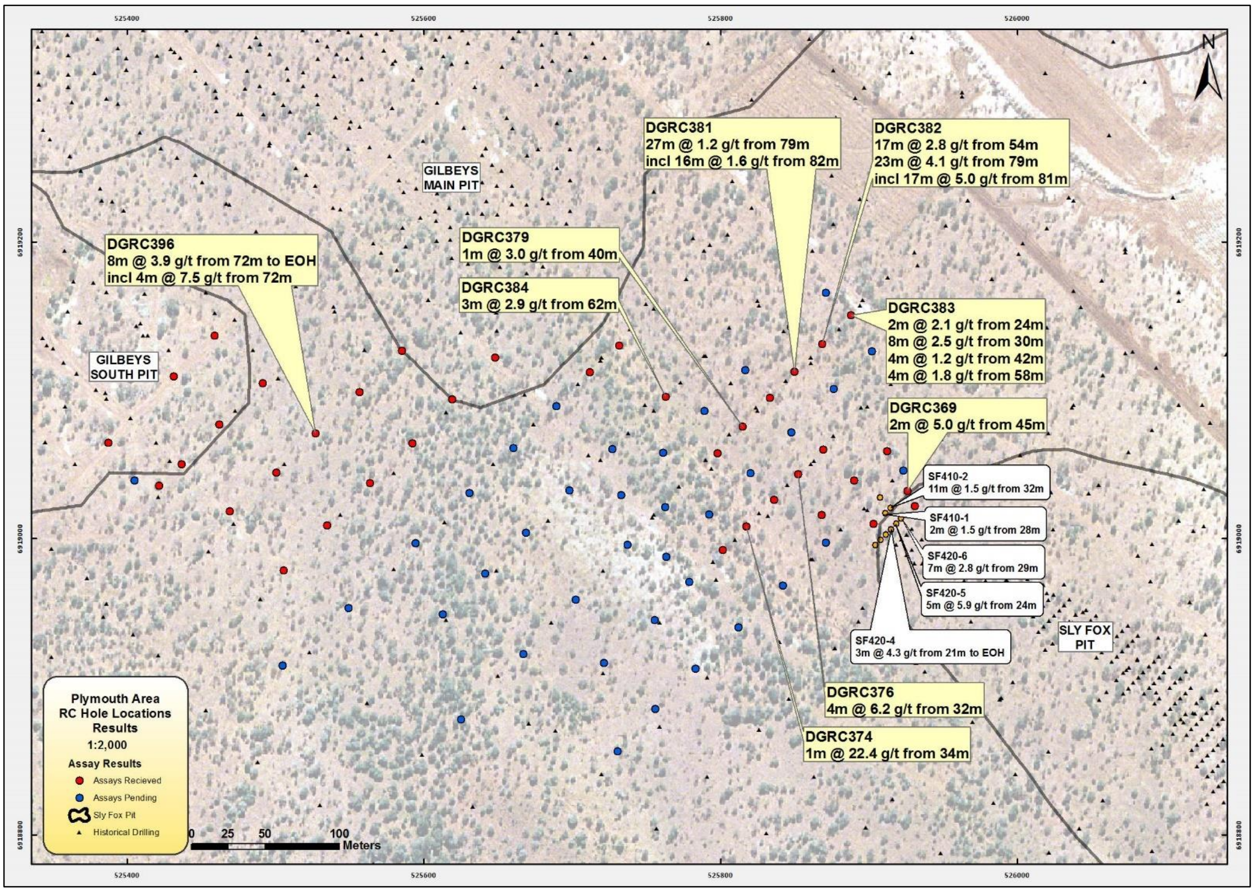

Figure 5: Plymouth - Location of Drill holes and Significant Gold Intersections

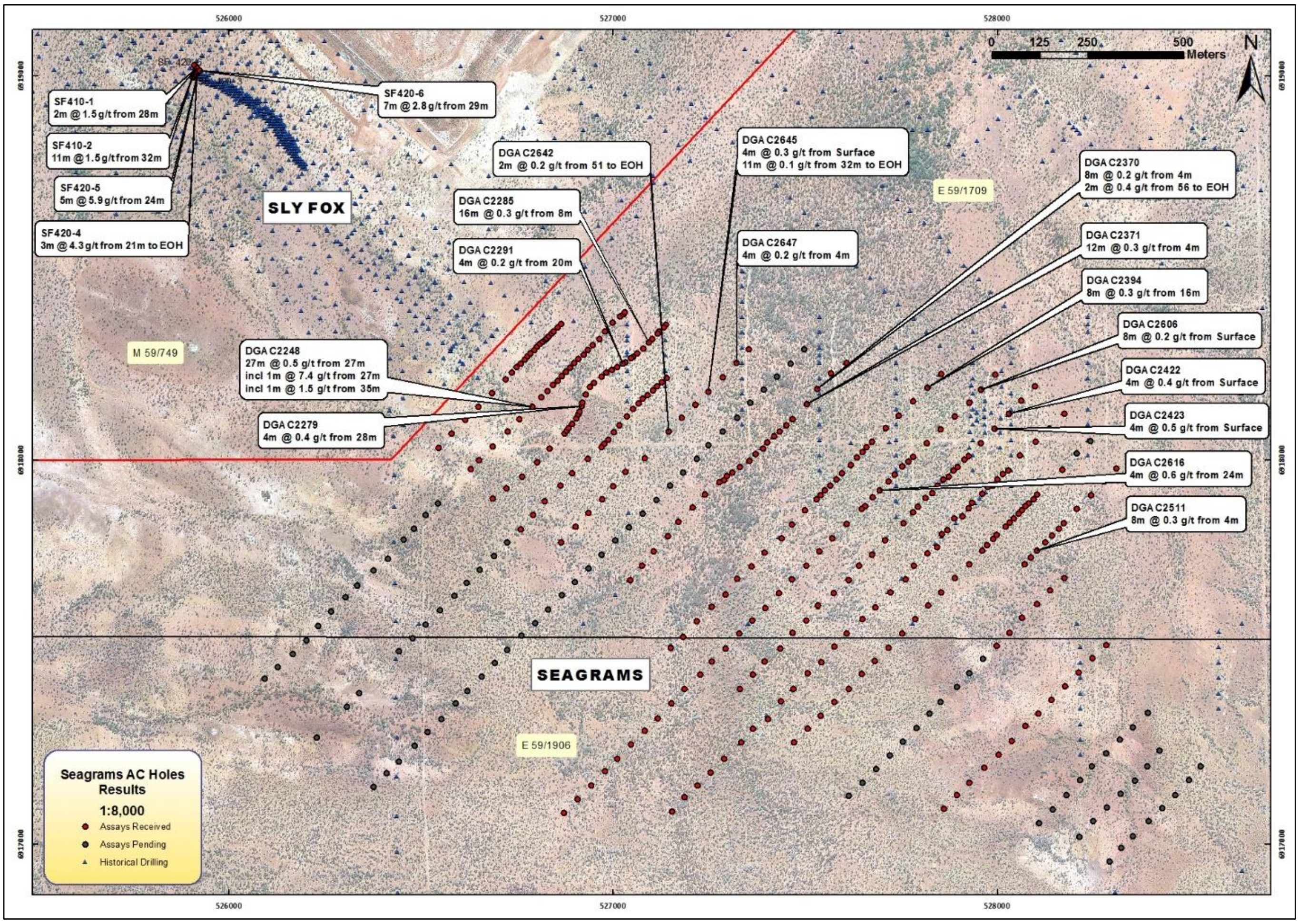

Figure 6: Seagrams Location of Drill holes and Significant Intersections

Greencock

As announced on the 9th of May, every hole in the initial 16 hole RC drilling program at the Greencock prospect intersected significant mineralisation (see Figure 7 & 8). The drilling targeted several significant historic intersections including, **19m @ 1.6g/t gold, 15m @ 1.5 g/t gold, 15m @ 1.1g/t gold**. The drilling has confirmed mineralisation and stratigraphy dip to the south. A distinctive fine-grained basalt at the base of several holes mark the footwall to a mineralised mafic host. The mineralised unit is a variably sheared coarse grained quartz gabbro, with zones of mineralisation containing strong silica altered pyrite, pyrrhotite and arsenopyrite. Assay results have returned the following highly significant intersections including:

- **DGRC363 13m @ 2.0g/t gold from 99m, including 4m @ 4g/t gold from 104m**
- **DGRC362 12m @ 2.1g/t gold from 104m**
- **DGRC351 20m @ 1.0g/t gold from 99m, including 5m @ 1.5g/t gold from 114m**
- **DGRC355 7m @ 1.0g/t gold from 24m and 11m @ 1.3g/t gold from 64m, including 4m @ 2.6g/t gold from 71m**
- **DGRC357 15m @ 1.0g/t gold from 65m**
- **DGRC360 15m @ 1.0g/t gold from 66m**
- **DGRC349 12m @ 1.0g/t gold from 6m**

Follow up extensional and infill RC drilling has been completed with assays results expected to be returned in around three weeks.

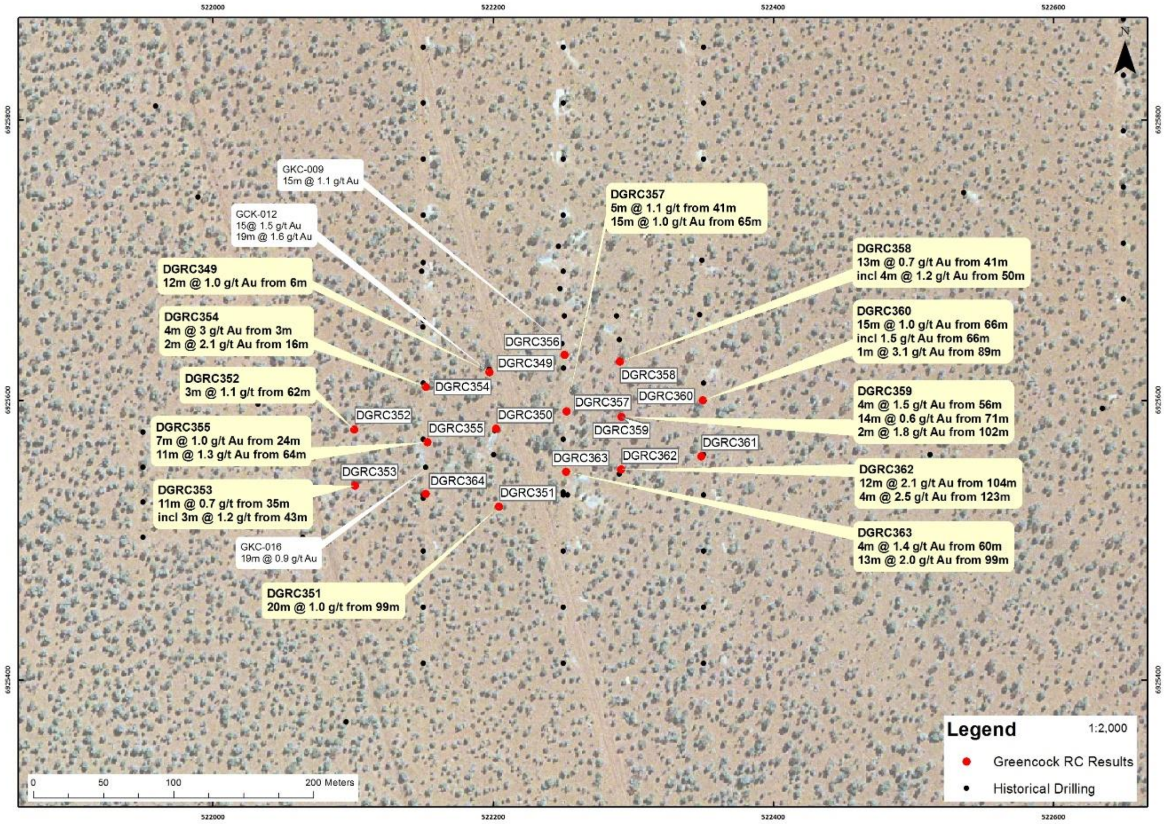

Figure 7: Greencock - Location of Drill holes and Significant Gold Intersections

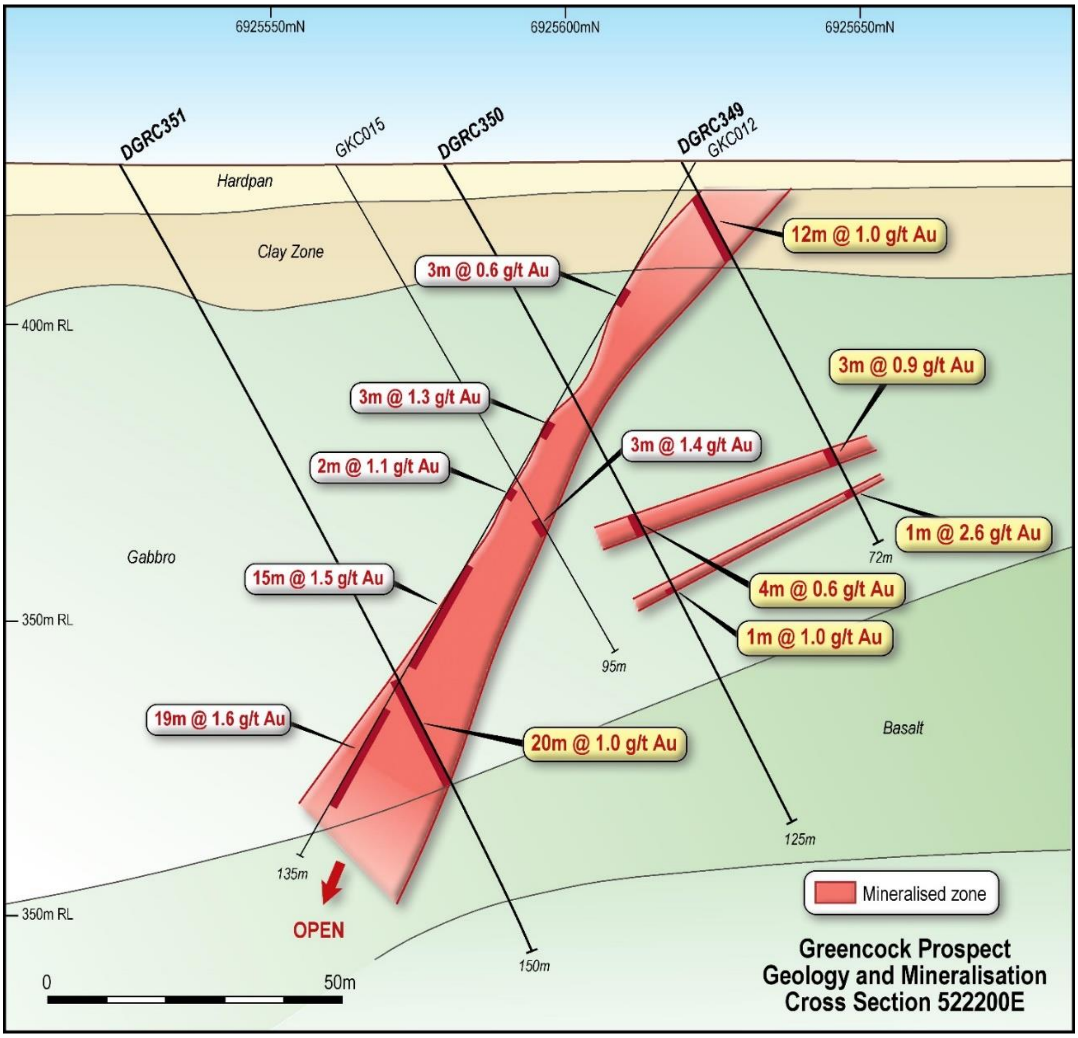

Figure 8: Greencock - Cross Section 522200mE

GLENBURGH PROJECT

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

A multi rig exploration programme has commenced at Glenburgh as part of an aggressive exploration effort aimed at growing the resource base, which already stands at 1.0 million ounces. The first phase of the programme was drilled targeting both extensions to the Torino prospect and to test regional soil and auger anomalies south of the Apollo deposit (see Figure 9) which have never been drilled as well as to provide initial aircore drill testing of regional trends further to the west of the known mineralisation at Glenburgh. The first phase of the drilling has been completed and samples submitted for analysis. The sample turnaround through the Perth laboratory has been very slow, with some samples submitted over 6 weeks ago. The first drill results are expected within the next week with the remainder over the next three weeks.

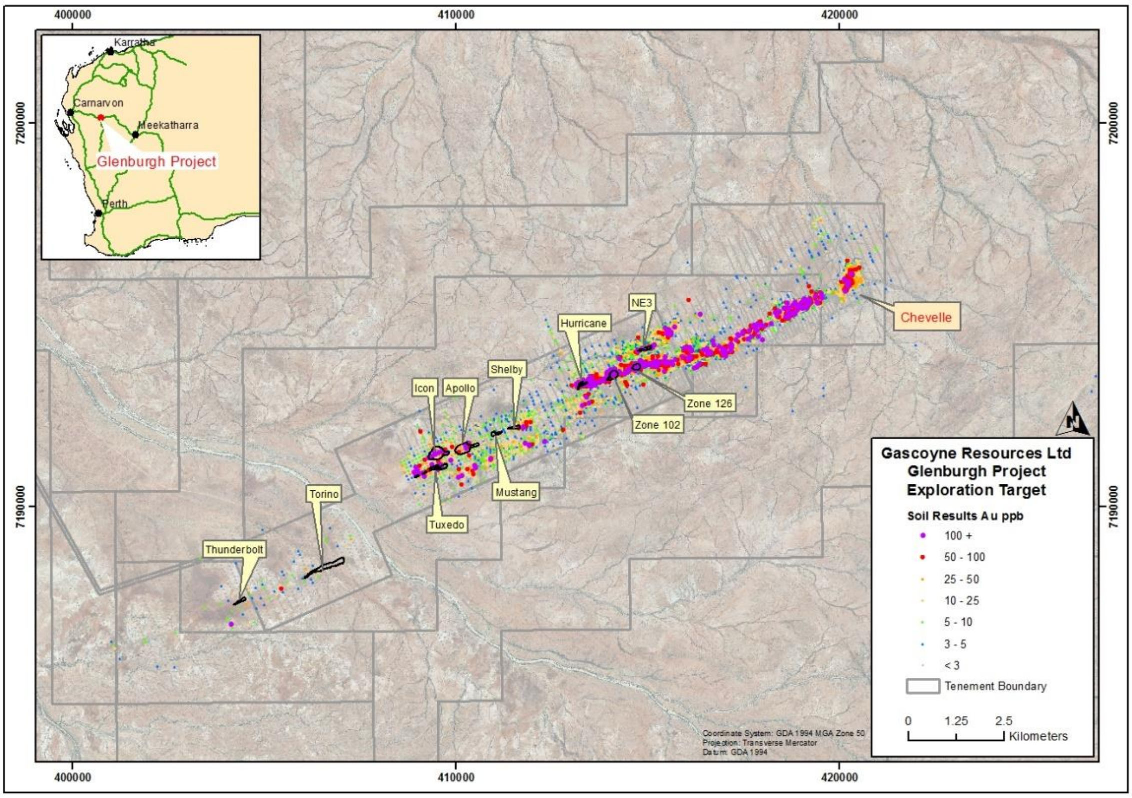

Figure 9: Glenburgh Project - Deposit and Prospect Layout

CORPORATE

During the quarter, the Company drew down the last $8.2 million of the $60 million project finance facility provided by NAB and CBA for the development of the Dalgaranga Gold Project.

A general meeting was held during the quarter to ratify the previous placement, undertaken in November 2017. Both of the resolutions put to the shareholders were overwhelmingly supported.

During the quarter, David Lim, resigned from the Company as Joint Company Secretary and Chief Financial Officer. He has been replaced by Michael Ball, who is a highly experenced CFO, with more than 16 years mining experience. Most recently, Michael was the CFO for Alkane Resources Limited and was involved in the development, commissioning and operation of the Tomingley gold operation in New South Wales.

At the end of the quarter, the Company had 434.7 million shares on issue and cash balance of $25.1 million after spending approximately $25.6 million on exploration, development and corporate activities during the quarter.

Mining Tenements held at 30th June 2018

All the company's tenements are within Western Australia

Tenement	Location	Name	Ownership
ELA09/2286	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
ELA59/2289	Murchison Region	Dalgaranga	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
L09/56	Gascoyne Region	Glenburgh	100% Gascoyne Resources
L09/62	Gascoyne Region	Glenburgh	100% Gascoyne Resources
ML09/148	Gascoyne Region	Glenburgh	100% Gascoyne Resources
EL51/1648(1)	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

(1) Doray Minerals Limited (ASX:DRM) earning into the project

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 Gold Project (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, long life operation with high operating margins (relative to recent gold price and current hedge position).

As a result of the FS, the Company has progressed through the funding, development and construction phases for the Project. Construction was completed ahead of schedule and under budget, with the first gold pour completed 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

+Rule 5.5

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	**30 June 2018**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 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	(283)	(1,130)
	(e) administration and corporate costs	(360)	(2,012)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	141	324
1.5	Interest and other costs of finance paid	(282)	(282)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other		
	- GST	601	675
1.9	**Net cash from / (used in) operating activities**	**(183)**	**(2,425)**

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(13,596)	(79,321)
	(b) tenements (see item 10)	-	(100)
	(c) investments	-	-
	(d) other non-current assets	-	-
	- Mine properties	-	(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	(1,339)	(3,600)
	- Expenditure on mine properties	(13,238)	(13,744)
	- Revenue from commissioning inventories	2,760	2,760
2.6	**Net cash from / (used in) investing activities**	**(25,413)**	**(94,677)**

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	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)
3.5	Proceeds from borrowings	8,348	61,109
3.6	Repayment of borrowings	(52)	(60)
3.7	Transaction costs related to loans and borrowings	-	(900)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**8,296**	**80,316**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**42,347**	**41,774**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(183)	(2,425)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25,413)	(94,677)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,296	80,316
4.5	Effect of movement in exchange rates on cash held	98	157
4.6	**Cash and cash equivalents at end of period**	**25,145**	**25,145**

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	25,145	42,347
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)**	**25,145**	**42,347**

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	238
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	

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** *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	61,109	61,109
8.2	Credit standby arrangements	-	-
8.3	Other	-	-
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.		
8.1 Secured Project Finance and Asset Finance facilities held with National Australia Bank and Commonwealth Bank of Australia			

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	2,000
9.2	Development	7,050
9.3	Production	33,400
9.4	Staff costs (Admin)	300
9.5	Administration and corporate costs	400
9.6	Other (provide details if material	-
9.7	**Total estimated cash outflows**	**43,150**

* Cash outflows do not include forecast gold revenues from production at the Dalgaranga Project.

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	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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 July 2018

Print name: Eva O'Malley

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.