

March 19th 2018
Australian Securities Exchange Limited
Via Electronic Lodgement

DALGARANGA GOLD PROJECT CONSTRUCTION & OPERATIONAL UPDATE 2 MONTHS TO FIRST GOLD

- **Process plant construction is +90% complete and on schedule for wet ore commissioning and first gold in May. Key activities include:**
 - **SAG Mill - *installation well advanced.***
 - **Crusher - *installation well advanced.***
 - **Installation of mechanical equipment – *well advanced.***
 - **Electrical installation – *underway.***
 - **Water Services – *commissioned & handed over to the operations team***
- **Airstrip - completed & fully operational.**
- **Power Station and LNG storage facilities – *on schedule for commissioning in mid-April.***
- **Mining has commenced with mining at Sly Fox, Gilbeys and Golden Wings underway.**
- **Ore mining at Sly Fox has commenced with the ROM stockpile being developed prior to commencement of processing in May**
- **Drill & Blast activities underway at Golden Wings – first blast completed on 16th March.**
- **All department heads employed & the majority of the operational team has commenced.**



Mining Underway at Dalgaranga

Gascoyne Resources Limited (“**Gascoyne**” or “**Company**”)(ASX:GCY) is pleased to provide an update on construction activities at the Company’s Dalgarranga 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 Dalgarranga Processing Plant. Design and engineering is complete and construction over 90% complete (See Photos 1-5 below) with completion expected in around 2 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:

- SAG mill installation is well advanced.
- The Crusher and ROM bin installation is well advanced.
- Steel erection has been completed.
- Mechanical installations well advanced.
- Reagent storage area has been completed.
- Water services area has been commissioned and handed over to Gascoyne’s operations team.



Photo 1: Dalgarranga Plant Site Construction Progress



Photo 2: Dalgara 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 Office, (l) Workshop and Stores



Photo 3: SAG Mill Installation – Progressing Well



Photo 4: Cyclone Tower Construction Complete and Installation of Mechanical equipment - Well Advanced



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

Power Station Construction Update:

Construction of the contractor supplied power station and the fuel storage facilities is advancing on schedule. Construction of the engine hall and main power control room and installation of the LNG storage and regasification facility has progressed significantly in the last month (See Photo 6 below). The backup diesel generators have arrived on site and the Jenbacher gas generators are en route to Australia with delivery to site scheduled for early April. Commissioning of the power station is expected to commence in late April, and the process plant commissioning in May.



Photo 6: Zenith's Engine Hall and HV Switchroom & EVOL's LNG Storage Facility

Mining:

The Mining Contractor (NRW) has commenced mining at the Sly Fox, Golden Wings and Gilbeys deposits, with a fleet of four excavators and approximately 18 trucks mobilised to site. The establishment of the mining workshops and associated facilities is continuing. These facilities are expected to be fully operational by the end of March 2018. The ramp up of mining productivities is continuing with the full productivity rates scheduled to be achieved in May, to align with the commencement of processing. Based on the current mining schedule, it is anticipated that there will be between 350,000 and 400,000 tonnes of Ore stockpiled on the ROM pad when processing commences in May.



Photo 7: Mining has commenced at Dalgara



Photo 8: First Blast at Golden Wings 16th March



Photo 9: ROM Ore Stockpile being developed from Sly Fox, 2 months ahead of Processing

Airstrip Construction:

Adjacent to the 240 person Dalgara village, a dedicated airstrip has been built to accommodate charter planes for the FIFO operation. The airstrip is complete and fully operational allowing direct flights to site (see Photo 10).



Photo 10: Dalgara Airstrip Complete & Fully Operational

Staffing:

The operations team has continued to grow over the past month. All of the department heads have been employed and have commenced work on site. The department heads have either employed or identified the vast majority of the rest of the team, with staff commencing on site as required.

Diesel Hedging:

As part of the ongoing risk management for the Project, a portion (30%) of the expected diesel consumption has been hedged for the next 3 years by hedging the Singapore Gas Oil (SGO) price in AUD. This hedging helps to reduce the risk of fuel price escalation over the next three years. The price achieved for the SGO hedging is approximately 3 - 4 cents per litre below the current price, which translates to a landed on site fuel price (net of GST and Fuel tax credits) of approximately 68c/l. By hedging the SGO price, this effectively locks in the vast majority of the diesel price delivered to site (for the portion hedged).

This diesel hedging is part of the Company's overall strategy to mitigate risk of cost escalation for the Project.

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

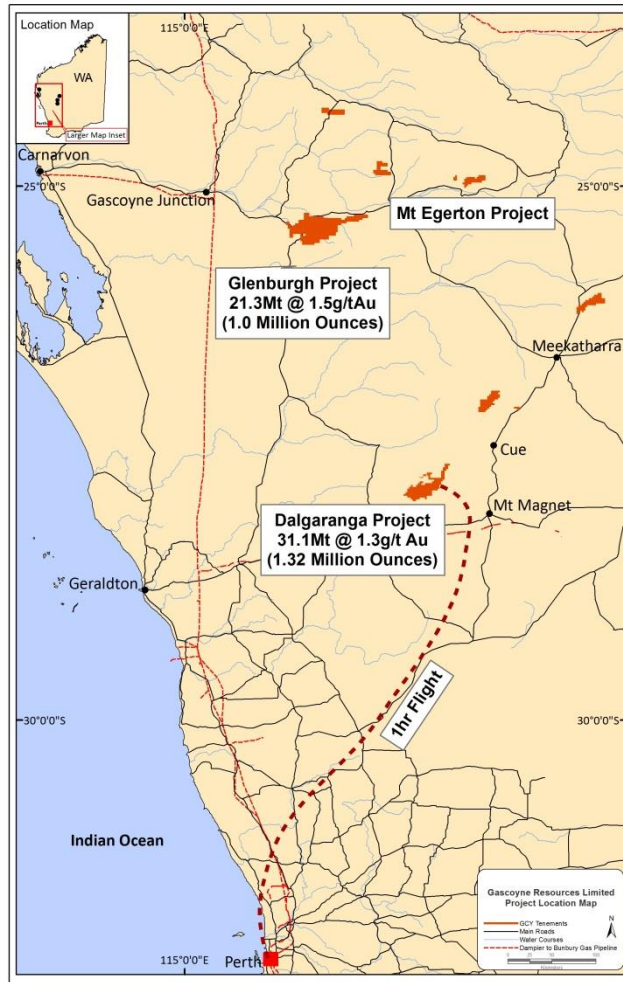


Figure One: Project Locations in the Gascoyne and Murchison Regions

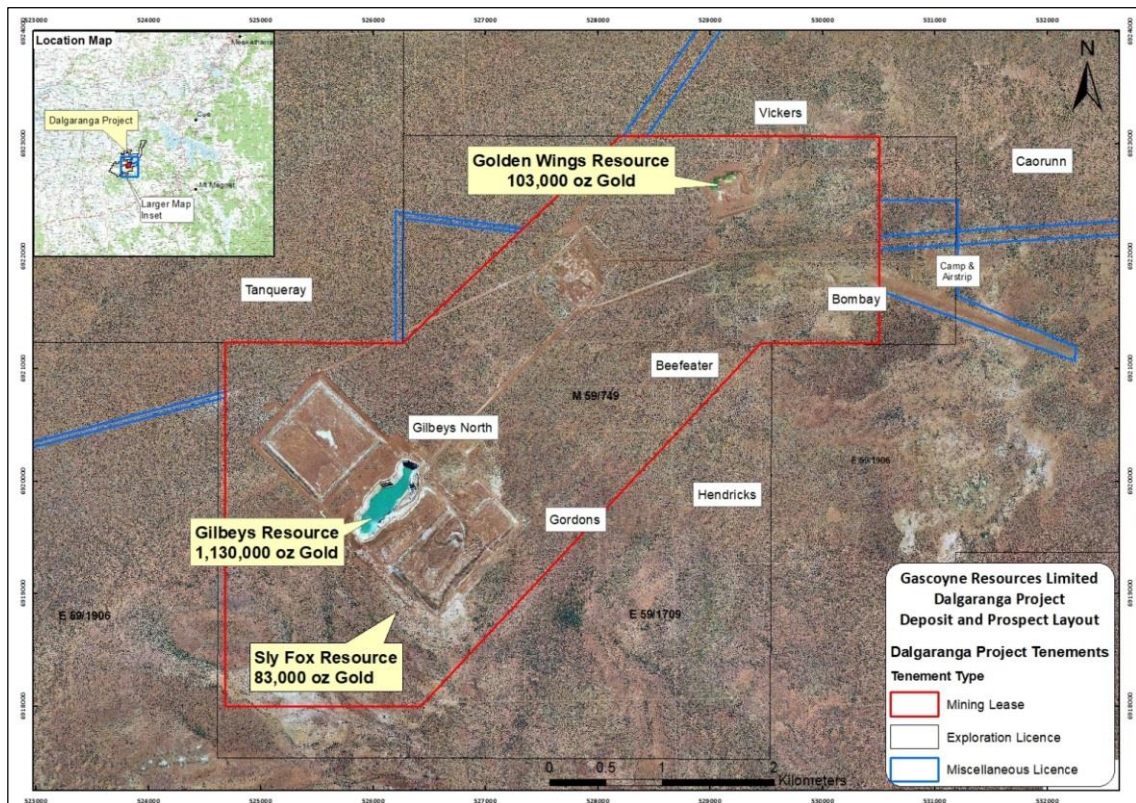


Figure Two: Dalgaranga Gold Project Deposit and Prospect Layout

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 4). 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	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
	Mt	g/t	Ounces	Mt	g/t	Ounces	Mt	g/t	Ounces	Mt	g/t	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 Warriess, 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 Warriess 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