

SUMMARY OF OPERATIONS

TECHNICAL:

During the quarter, significant progress was made on an aggressive regional exploration drilling programme and the Pre-Feasibility Study at the Dalgara Gold Project was completed. Progress is summarised below:

Dalgara Project

A Pre-Feasibility study for the project was completed during the quarter. The study outlined a technically and economically robust project with an initial mine life of six years with high margins and low pre-production capital costs. The study highlights include:

- An initial life of mine (LOM) undiscounted pre-tax operating cash surplus of A\$360 million from revenue of A\$832 million
- Development based on two open cut mines, and a new conventional SAG milling circuit, gravity and carbon in leach processing plant with a throughput of 2.5Mtpa
- Estimated LOM Operating Cash Cost (C1) of A\$836/oz
- Estimated LOM all in sustaining cost (AISC) of A\$913/oz
- Low pre-production Capital Cost of A\$75 million (including 15% contingencies) - payback within 12 months of production
- Production of 125,000oz in first full year, (LOM average of 104,000ozpa)
- 547,000 ounces within the initial mine plan (12.1Mt @ 1.4 g/t gold), with exceptional potential for Resource growth
- Initial Proved and Probable Ore Reserve of 442,000 ounces (10.1Mt @ 1.4 g/t)
- Initial Mine Life 6 years, not including nearby organic growth potential
- NPV₈ of A\$193 million and IRR 90%
- The Gascoyne Board has resolved to immediately commence a full Feasibility Study, with completion expected during Q4 2016

In addition to the PFS, an aggressive exploration programme has commenced to follow up on the Hendricks discovery and the other high priority regional exploration targets at Dalgara. The exploration programme includes flying the project with ultra-detailed aeromagnetic survey to better define the mineralised trends and a number of high priority structural targets in preparation for drill testing.

The first results from this programme have resulted in significant zones of mineralisation being defined including **12m @ 2.2 g/t gold, 18m @ 3.0g/t gold** at Hendricks, **8m @ 3.6 g/t gold** from Gilbeys North and **13m @ 0.9 g/t gold** at the Beefeater prospect.

Glenburgh Project

During the quarter, preparations were made for the 2016 drill programme. This programme is expected to commence in the second quarter with initial drill testing of a number of high priority geochemical targets and follow up drilling of the Chevelle discovery.

CORPORATE:

- Subsequent to the end of the quarter, the Company completed a private placement raising \$15.0 million before costs. The funds were raised to accelerate exploration and complete the Dalgara Feasibility Study and will be completed in two tranches, the first has been settled with the second \$4 million being subject to shareholder approval. A general meeting has been called for the 25th of May to seek approval for the second tranche.
- At the end of the quarter, the Company's cash reserves were \$1.7 million, excluding the first tranche of the recent placement

CORPORATE DETAILS

ASX Code: GCY
Shares: 240M*
Share Price: 58c
Market Cap: \$138 M

ASSETS

Cash: \$12.7M*
Glenburgh (100%) 1.0M oz Gold
Dalgara (80%) 1.05M oz Gold
Egerton (100%) 24,000oz Gold

BOARD

Non-Executive Chairman
Mike Joyce

Managing Director
Michael Dunbar

Non-Executive Directors
John den Dryver
Gordon Dunbar
Graham Riley
Stan Macdonald

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* Post placement of tranche 1 shares

REVIEW OF OPERATIONS

Details of the exploration progress during the quarter include:

Dalgaranga Project

E59/1709, 1904, 1905, 1906, M59/749 & L 59/141 & 142, ELA21/195, LA59/151-153 - 80% Gascoyne & ELA59/2150 – 100% Gascoyne

Activities at the Dalgaranga gold project picked up further during the quarter with regional exploration drilling, resource drilling, a resource estimate update and completion of the Pre-Feasibility Study all completed during the quarter.

An aggressive exploration programme along with a full Feasibility Study and project permitting is all underway. The Feasibility Study and project permitting are expected to be completed by the end of 2016.

PRE-FEASIBILITY STUDY

During the quarter the Pre-Feasibility study for development of the Dalgaranga Gold Project was completed.

The study concluded a technically and economically robust project with an initial mine life of six years with high margins and low pre-production capital costs. The study highlights include:

- An initial life of mine (LOM) undiscounted pre-tax operating cash surplus of A\$360 million from revenue of A\$832 million¹
- Development based on two open cut mines, and a new conventional SAG milling circuit, gravity and carbon in leach processing plant with a throughput of 2.5Mtpa
- Estimated LOM Operating Cash Cost (C1) of A\$836/oz²
- Estimated LOM all in sustaining cost (AISC) of A\$913/oz³
- Low pre-production Capital Cost of A\$75 million (including 15% contingencies) - payback within 12 months of production
- Production of 125,000oz in first full year, (LOM average of 104,000ozpa)
- 547,000 ounces within the initial mine plan (12.1Mt @ 1.4 g/t gold), with exceptional potential for Resource growth
- Initial Proved and Probable Ore Reserve of 442,000 ounces (10.1Mt @ 1.4 g/t)⁴
- Initial Mine Life 6 years, not including nearby organic growth potential
- NPV₈ of A\$193 million and IRR 90%
- The Gascoyne Board has resolved to immediately commence a full Feasibility Study, with completion expected during Q4 2016

The PFS substantially improves upon the previous assessments of the project and is based on historical production records as well as studies completed by a number of independent consultants to the Company, including RungePincockMinarco (resource), CSA Global (mining and reserve) and Mintrex (process engineering, operating and capital costs).

The PFS has assumed the Company owns 100% of the project, with its current joint venture partner assumed to convert its 20% interest to a 2% NSR royalty, which has been included in the AISC and financial assessments.

¹ Based on production of 520,000oz at US\$1,200 gold price, A\$/US\$ exchange rate of 75c. All amounts in A\$ unless otherwise stated

² C1 operating costs include all mining and processing costs, site administration, refining and site rehabilitation costs

³ AISC includes C1 costs + royalties, sustaining capital, but excludes head office corporate costs.

⁴ See ASX Announcement 31st March 2016 for Reserve Details

Table 1 – Key Project Statistics

MINERAL RESOURCES	Tonnage	Grade	Ounces
Measured Resources (Gilbeys and Golden Wings)	2.4Mt	1.4 g/t	108,000
Indicated Resources (Gilbeys and Golden Wings)	9.4Mt	1.4 g/t	419,000
Inferred Resources (Gilbeys and Golden Wings)	11.9Mt	1.4 g/t	524,000
Total Resources	23.7Mt	1.4 g/t	1,051,000oz
MATERIAL IN MINE PLAN			
Proved Ore Reserve ¹	2.27Mt	1.34 g/t	97,000 (18%)
Probable Ore Reserve ¹	7.81 Mt	1.4 g/t	345,000 (63%)
Inferred Resource (Gilbeys and Golden Wings)	2.0Mt	1.6g/t	103,000 (19%)
Total (totals vary due to rounding)	12.1Mt	1.4g/t	547,000oz
CAPITAL COSTS (A\$)			Life of Mine
New 2.5Mtpa Processing Plant			\$52.6M
Infrastructure Capital (including first fills, insurance spares and TSF)			\$7.3M
Owners Costs			\$5.3M
Contingency (average 15%)			\$9.8M
Total Capital Cost			\$75.0M
PRODUCTION SUMMARY			
Key Outcome			
Life of Mine			6 yrs
Strip Ratio			6.4:1
Gold Production			520,000 oz
Processing Rate			2.5 Mtpa
Metallurgical Recovery			95%
PROJECT ECONOMICS			
Base Case gold price (US\$)			\$1,200/oz
Exchange Rate (US\$:A\$)			75c
Revenue (A\$)			\$832M
C1 Cash Costs ²			\$836/oz
All In Sustaining Costs ³			\$913/oz
Operating Cash Surplus (A\$)			\$357M
NPV _{8%}			\$193M
IRR			90%

¹ See Appendix 1 for JORC Table 1 and below for Reserve Details

² C1 operating costs include all mining and processing costs, site administration, refining and site rehabilitation costs

³ AISC includes C1 costs + royalties, sustaining capital, but excludes head office corporate costs.

Cautionary Statement:

The Company advises that while the PFS is predominantly based on Proved and Probable Ore Reserves (81%), it is partly based on Inferred Mineral Resources (19%). There is a lower 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 Inferred Mineral Resources will add to the economics of the project. There has historically been very good conversion of Inferred Resources into Indicated Resources as the structures and geological units that host the mineralisation at Dalgara can be traced along strike and at depth. Currently the drill density is too sparse to allow this material to be classified as Indicated Resources. As a result there is no assurance that the economic evaluation outlined above will be realised.

A summary of the key aspects of the study are outlined below, with further details contained in the ASX announcement released on the 31st of March 2016 titled Dalgaranga Pre-Feasibility Confirms Exceptional Project Economics

Mineral Resources:

The Mineral Resources for the Gilbeys and Golden Wings Deposits have been re-estimated by RungePincockMinarco, resulting in a 40% increase in the Global Mineral Resource since November 2015, which now stands at 23.7 Mt @ 1.4 g/t gold for 1.05Moz of gold, of which ~50% is classified as either Measured or Indicated. (See table 2 & ASX announcement February 24th, 2016).

Table 2: Dalgaranga Project Mineral Resource Details

February 2016 Mineral Resource Estimate (0.5g/t Cut-off Above 120mRL, 1g/t Cut-off Below 120mRL)												
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				0.5	1.1	17,100	0.1	0.8	3,000	0.6	1.1	20,000
Oxide	0.4	1.8	20,000	1.0	1.7	52,000	0.5	1.9	28,000	1.8	1.8	100,000
Transitional	0.3	1.8	14,000	0.5	1.8	28,000	0.2	1.6	11,000	1.0	1.7	53,000
Fresh	1.8	1.3	74,000	7.5	1.3	322,000	11.1	1.4	482,000	20.4	1.3	878,000
Total	2.4	1.4	108,000	9.4	1.4	419,000	11.9	1.4	524,000	23.7	1.4	1,051,000

Totals may differ due to rounding, Mineral Resource reported on a dry in situ basis

Metallurgy:

The metallurgy of the project is very well understood. During the previous operation of the mine, the project recoveries exceeded expectations with overall recoveries of 95% during the operation.

This excellent recovery was achieved with a relatively basic gravity gold circuit. It is recommended that an inline leach reactor (ILR) be included in any future flow sheet, as approximately 60% of the gold from recent test work has reported to gravity. This is substantially higher than was achieved with the original flow sheet as a result of the improvements in gravity recovery technology over the last 15 years. Although recent test work, conducted in the ALS Amtec Metallurgical Laboratories in Perth, suggested recoveries of +97% are achievable, the PFS has assumed 95% metallurgical recovery.

Mintrex have used the metallurgical testwork results and historical operating data in development of the flowsheet, the design and costing of the proposed process plant, significantly reducing the metallurgical risks of the project.

Mining Studies:

The pit optimisations, mine designs and development of the mining and milling schedules for the project have been completed by CSA Global, an independent mining consultancy.

A mining contractor will be engaged to undertake the mining and drill and blast activities at the project, while technical and managerial direction will be controlled by Gascoyne. The operation is made up of two open pits; a single staged pit at Golden Wings and a four staged cutback of the existing Gilbeys pit, and a mining schedule developed to allow the process plant to process at the design capacity of 2.5Mtpa.

The mine plan includes 18% Measured Resources, 63% Indicated Resources and 19% Inferred Resources (see Figure 3). The Proven and Probable Ore Reserves have been estimated from the Measured and Indicated Resources and exclude Inferred material.

The key assumptions for the optimisations and mine designs are:

1. Average pit wall angles are in line with previous geotechnical parameters used for the original pit mined in the late 1990's and are supported by operational data.
2. The processing throughput rate was assumed to be 2.5M tonnes per annum.
3. A fixed metallurgical recovery of 95% was assumed for all ore types and grades (this represents a discount of around 2.0% from the recent metallurgical tests)
4. Due to the large amount of free dig material and the wide ore zones the mining recovery of ore was assumed to be 98%.
5. Mining dilution of ore was assumed to be 8%.
6. Mining load and haul (L&H) costs were sourced from 2015 contractor pricing.
7. Allowance has been made in the mining costs for surface haulage costs relating to transportation of ore from the pit area to the ROM.
8. Mine supervision, dewatering, grade control and rehabilitation costs were provided by Gascoyne.
9. Processing costs have been based on the Mintrex operating cost model which are based on a detailed operating costs model and the historical reagent consumptions, power usage and staffing requirements.
10. State Royalties have been included as has a private royalty payable to the current JV partner. The study assumes that the current JV partner, who is free carried to completion of a FS, elects to convert its 20% interest into a 2% net smelter royalty instead of contributing to his share of project capital and operating costs.

Mining rates are rapid in the early stages of the schedule (as a result of higher strip ratios) and are lower towards the end of the pits when the remaining strip ratio falls.

The ore from each of the pits is delivered to the ROM pad and stockpiled in one of 4 stockpiles; being high Grade oxide and fresh rock (+1.5g/t); and low grade oxide and fresh rock.

Ore Reserve

Gascoyne engaged CSA Global, an independent Mining Consultancy, to complete the mining aspects of the PFS. As a result of the study, CSA Global has completed an Ore Reserve estimate based on the Mineral Resources estimated by RungePincockMinarco (as outlined above).

Reserve Overview:

The Ore Reserve for the project has been completed in accordance with the JORC 2012 code. As a result of the high confidence in the Mineral Resource and detailed modifying factors a portion of the Mineral Resource was converted into a Proved and Probable Ore Reserve. The Proved Ore Reserve is based on the Mineral Resource classified as Measured, while the Probable Ore Reserve is based on the Indicated portion of the Mineral Resource. No Inferred Resource has been incorporated into Ore Reserve. Table 3 presents a summary of the Proved and Probable Ore Reserve on a 100% Project Basis at A\$1470/oz gold price. See Section 4 of JORC 2012 Table One in the Appendices of the ASX Release dated 31st March 2016 for full details on the Reserve.

Table 3: Dalgara Ore Reserve

Ore Reserve Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold Ounces
Proved	2.27	1.34 g/t	97,000
Probable	7.81	1.4 g/t	345,000
Total Ore Reserve	10.1	1.4	442,000

Process Flowsheet and Process Plant Design

Mintrex have been engaged to complete the process flowsheet, operating and capital cost estimates and to provide overall guidance for the project.

The Dalgaranga PFS flowsheet is broadly based on similar plant designs utilised at Equigold's Bonikro Gold Project and Regis Resources' Moolart Well Gold Project as well as the original Dalgaranga flowsheet. The plant has been designed on the basis of an annual fresh ore throughput of 2.5Mtpa. The Process plant could treat upto 3Mtpa when milling a blend of 80% oxide ore and 20% transitional ore in year one of the mining schedule.

The plant design proposed is simple but robust and broadly comprises the following:

- Primary Crushing;
- Single Stage Grinding;
- Gravity Concentration & Intensive Leaching;
- Classification;
- Leaching and Adsorption;
- Elution;
- Electrowinning; and,
- Smelting.

Production

Based on the mining schedule and the process plant design, a production schedule has been developed to maximise the gold production, minimise waste movement, and maintaining mill feed to the processing plant at the design rate of 2.5Mtpa (see Figure 1).

This milling schedule along with the mining schedule sees an average life of mine (LOM) production rate of 104,000 ounces. Peak production of 125,000 ounces is in the first full year of production, when the higher grade Golden Wings pit is mined and processed.

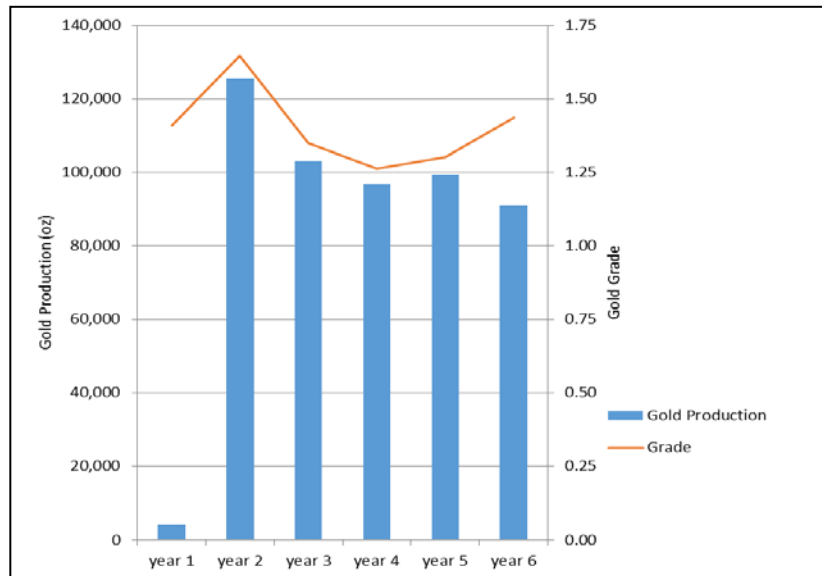


Figure 1: Annual Gold Production

Infrastructure and Services

Water Supply

The PFS has investigated the process water requirements and assessed the historical dewatering requirements for the Gilbeys deposit during its previous operating life. It is envisaged that the dewatering from the existing Gilbeys pit void will supply all the process water requirements for the project for at least two years. After this period, the water supplied from dewatering will be supplemented by the existing borefield if required.

A potable water bore exists on the project, this will provide the camp and process plant with all the potable water required. As the water is already of very good quality, only minor treatment will be required for the camp.

Tailings Storage Facility (TSF)

The study has assumed that the existing TSF will be lifted to provide the storage needed for the first two years of the operation, the capital cost of this lift was provided by Coffey Mining and has been included in the capital cost estimate. After this is filled, the Golden Wings pit will have been completed and the resulting pit void will be used as an inpit TSF for the remainder of the proposed project life. The cost of relocating the TSF to the Golden Wings pit has been incorporated as a sustaining capital cost early in year three of the operation.

Transport

The study has assumed that the Mount Magnet airstrip located 70km east of the project will be used for the operation. Employees and contractors will be transported by charter planes from Perth to Mount Magnet and then bussed to site. Two 30 seat flights have been budgeted for each week.

Power

The power supply for the project is based on a third party owned facility on a Build Own and Operate (BOO) basis using diesel generators. The facility will be located at the processing plant with power reticulated to the camp and the mining contractors facilities by over head power lines.

Camp

A 160 person accommodation village will be located approximately 4km east of the Gilbeys pit and the processing plant. The camp will be constructed and operated by a third party contractor on a BOO basis for the life of the project. The cost of running the camp and associated infrastructure has been included in the administration section of the operating costs. The staffing requirements have been built up by Mintrex with input from Gascoyne. A total of 108 people will be on site at any one time and it is assumed employees and contractors will operate on a two weeks on, one week off roster.

Permitting and Approvals

As a result of the area not being subject to any native title claim, Gascoyne already has the Mining Lease for the project granted. The lease was granted in February 2013 and extends to 2034, at which point it can be extended for a further 21 years.

Heritage searches have been undertaken on the project and indicate that no areas of heritage significance exist within the project area.

In addition to the grant of the Mining Lease, Gascoyne has commenced the permitting studies required for the project. Level 1 flora and fauna studies have already been undertaken as well as a number of geochemical soil surveys to assess the suitability of the top soil for rehabilitation.

The historical annual environmental reports and the original mine approval documents (from 1996) have also been obtained. The data from these reports and the original mine development proposals will be used to inform the future Mining Proposal (MP) and Mine Closure Plan (MCP).

Capital Expenditure

Mintrex have built up the capital cost estimate to provide current costs suitable for use in assessing the economics of the project and to provide the initial control of capital expenditure. The estimated project capital cost is \$75 million, inclusive of \$9.8 million of contingencies.

The capital cost estimate is based upon an EPCM approach and has been prepared to a level equivalent of that of a pre-feasibility study and is presented in Australian dollars (AUD) to an accuracy level of +/-25% as at Quarter 1 2016.

Table 4 Capital Cost Estimate Summary

Item	Subtotal (A\$M)	Contingency (A\$M)	Grand Total (A\$M)
Process Plant	\$52.6	\$7.9	\$60.5
Infrastructure	\$7.3	\$1.1	\$8.4
Owners Costs	\$5.3	\$0.8	\$6.1
Total	\$65.2	\$9.8	\$75.0

Operating Expenditure

Mintrex have calculated the operating costs based on various processing throughputs and for different material types. For the purpose of the PFS, the processing costs are split into oxide ore and fresh / transitional ore (assuming a 2.5Mtpa throughput).

The costs have been built up from first principles and have used the historical reagent consumption data to assist in validating the operating cost model. Due to the very soft ore, low reagent consumption, high throughput rates and high metallurgical recovery, the operating costs on a per ounce basis are considered to be very low. See Table 5

Table 5 Operating Cost Estimate Summary

Item	LOM Cost (A\$M)	LOM Cost / Ore Tonne	LOM Cost / Ounce (A\$/oz)
Mining	\$242	\$19.88	\$466
Processing and Maintenance	\$152	\$12.51	\$293
General & Administration	\$29.5	\$2.42	\$57
Environment and Rehabilitation	\$9.5	\$0.78	\$18
Sustaining Capital	\$2.3	\$0.18	\$4
Refining Charges	\$1.6	\$0.13	\$3
Royalties (state and project)	\$37.4	\$3.07	\$72
Total	\$475	\$38.98	\$913

Economic Evaluation

The project can be split into two phases, one year of construction and commissioning and five years of production, giving a 6 year mine life based on the current pit designs and the known resources.

The financial assessment is based on A\$1,600/oz gold price and assumes the current joint venture partner elects to convert its 20% interest into a 2% NSR royalty at the completion of the Feasibility Study

Table 6 Economic Evaluation Year by Year (in \$AUD)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	LOM
Capital Costs	75M	-	\$1.5M [#]	\$0.5M [#]	\$0.25M [#]	-	
Production							
Tonnes	0.1Mt	2.5Mt	2.5Mt	2.5Mt	2.5Mt	2.1Mt	12.2Mt
Grade	1.41 g/t	1.65 g/t	1.35 g/t	1.27 g/t	1.30 g/t	1.19 g/t	1.4 g/t
Ounces Produced	4,130	125,620	103,000	97,000	99,500	91,000	520,000
Op Costs	\$5.6M	\$120.6M	\$117.4M	\$91.0M	\$75.0M	\$54.6M	\$475M**
Revenue	\$6.6M	\$201.0M	\$164.8M	\$154.8M	\$159.2M	\$145.6M	\$832M
AISC	\$1,372/oz*	\$960/oz	\$1,141/oz	\$949/oz	\$753/oz	\$601/oz	\$913/oz
Cashflow	\$-74M	\$80.3M	\$47.3M	\$63.0M	\$84.2M	\$91.0M	\$282M ^{###}

* Only includes commissioning production

Sustaining Capital costs to relocate TSF and general sustaining costs (in addition to maintenance) included in operating costs

** Total operating costs including \$9.4M rehabilitation

LOM cashflow undiscounted after capital cost and rehabilitation costs are included

Based on the above production rates the NPV of the project has been calculated. At the base case gold price of A\$1,600/oz (US\$1,200/oz and an FX of 75c) and using an 8% discount rate, the project generates an NPV of A\$193M, an IRR of 90% with a payback period of less than 12 months from first gold pour.

The project is viable and robust at a wide range of gold price scenarios. Table 7 provides a sensitivity analysis demonstrating the forecast robust economics under a range of future gold prices scenarios.

Table 7 Economic Evaluation Variation with Gold Price

	Cumulative Cashflow (\$M)	NPV (A\$M) based on 8% discount rate	IRR	Payback Months	US\$ Price (75c FX)
\$2,000	\$481	\$342	158%	6.8	\$1,500
\$1,800	\$382	\$267	124%	8.4	\$1,350
\$1,700	\$332	\$230	107%	9.6	\$1,275
SPOT (\$1625)	\$292	\$200	94%	10.7	\$1,220
\$1,600	\$282	\$193	90%	11.1	\$1,200
\$1,500	\$233	\$156	74%	13.1	\$1,125
\$1,400	\$183	\$118	58%	15.9	\$1,050
\$1,333	\$150	\$94	48%	18.6	\$1,000

Cautionary Statement:

The Company Advises that while the PFS is based on Proved and Probable Ore Reserves (81%), it is partly based on Inferred Mineral Resources (19%). There is a lower 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 Inferred Mineral Resources will add to the economics of the project. There has historically been very good conversion of Inferred Resources into Indicated Resources as the geological structures and geological units that host the mineralisation can be traced along strike and at depth. Currently the drill density is too sparse to allow this material to be classified as Indicated Resources. As a result there is no assurance that the economic evaluation outlined above will be realised.

Conclusion and Recommendations

The Board of Gascoyne approved the PFS, which has highlighted a technically and financially robust project, and have approved the immediate progression to a full Feasibility Study (FS).

Further opportunities to enhance the project, both technically and financially will be assessed as part of the FS.

Forward Program

As part of the FS, which has commenced, further evaluation of the project will be undertaken.

This will include:

- Further metallurgical drilling to confirm the fresh rock comminution data
- Detailed Engineering Design
- Detailed surface survey
- Geotechnical assessment of the new process plant site
- Additional resource drilling
- Hydrogeological assessment of the Gilbeys pit lake and confirmation of the dewatering requirements
- TSF Design and Approval to allow use of the existing TSF
- Permitting and Government approvals
- Financial modelling
- Financing discussions

It is expected that the FS will be completed by the end of 2016, with final development decision taken in early 2017.

Drilling Activities:

In addition to the completion of the Dalgaranga PFS an aggressive regional exploration and resource drilling programme commenced. This resulted in the discovery of a new zone of mineralisation at Hendricks as well as significant shallow high grade mineralisation at the Golden Wings Deposit.

The Hendricks prospect was first discovered by composite sampling and defined a zone of mineralisation of **11m @ 2.2g/t gold** to the end of hole. Resampling confirmed the discovery and increased the intersection to **12m @ 2.2 g/t gold** from 35m to the end of hole (see ASX releases 13th of January & 2nd of February 2016).

Initial followup drilling along the discovery line intersected **18m @ 3.0 g/t gold** (see ASX release 1st, 6th of April 2016 and Figure 2, 3 & 4) with drilling along strike defining +0.5 g/t gold mineralisation on three drill sections so far. The mineralisation has yet to be fully tested along strike, due to the shallow depth of blade refusal (the depth the initial aircore drilling can penetrate to).

Followup drilling is underway at Hendricks with an initial RC drilling and additional aircore drilling underway to better define the mineralisation and to determine the trend of the system.

Outside the Hendricks discovery, significant mineralisation was also intersected at the Beefeater prospect (**13m @ 0.9 g/t gold**), Gilbeys North prospect (**8m @ 3.6 g/t gold**), Vickers prospect (**4m @ 1.4 g/t, 8m @ 0.7 g/t to EOH, and 12m @ 0.5 g/t gold**). (See ASX announcement 8th of February 2016 for details). Followup drilling is planned in May 2016 on all of these prospects.

A detailed aeromagnetic survey has also been completed to better define the structural trends of mineralisation within the project. The data from this survey is currently being processed with initial results expected in around two weeks, which will help guide exploration.

In addition to the regional exploration programme, a small RC drill programme was completed at the Golden Wings Deposit to better define the mineralisation to allow more of the resource to be classified as Indicated (see Figure 5&6).

The drilling intersected significant widths and grades of mineralisation including:

- **12m @ 4.4 g/t gold from 121m, including 8m @ 5.9 g/t gold**
- **8m @ 3.9 g/t gold from 72m to EOH, including 4m @ 6.5 g/t gold**
- **14m @ 1.5 g/t gold from 126m to EOH, including 4m @ 3.1 g/t gold**

These results were incorporated into an updated Mineral Resource Estimate for the deposit which was included into the PFS (details are incorporated above).

Forward Program

An aggressive exploration programme is underway at Dalgaranga. There are currently two drill rigs drilling at Dalgaranga, one diamond drill rig collecting metallurgical samples under the existing Gilbeys pit, an RC drill rig testing high priority aircore drill anomalies including followup at the Hendricks discovery, the Beefeater prospect along with additional drilling south of the known Gilbeys deposit. An aircore drill rig is also due to commence regional exploration at Dalgaranga in the coming days. This rig will target a number of regional geochemical and structural targets within the wider Dalgaranga project.

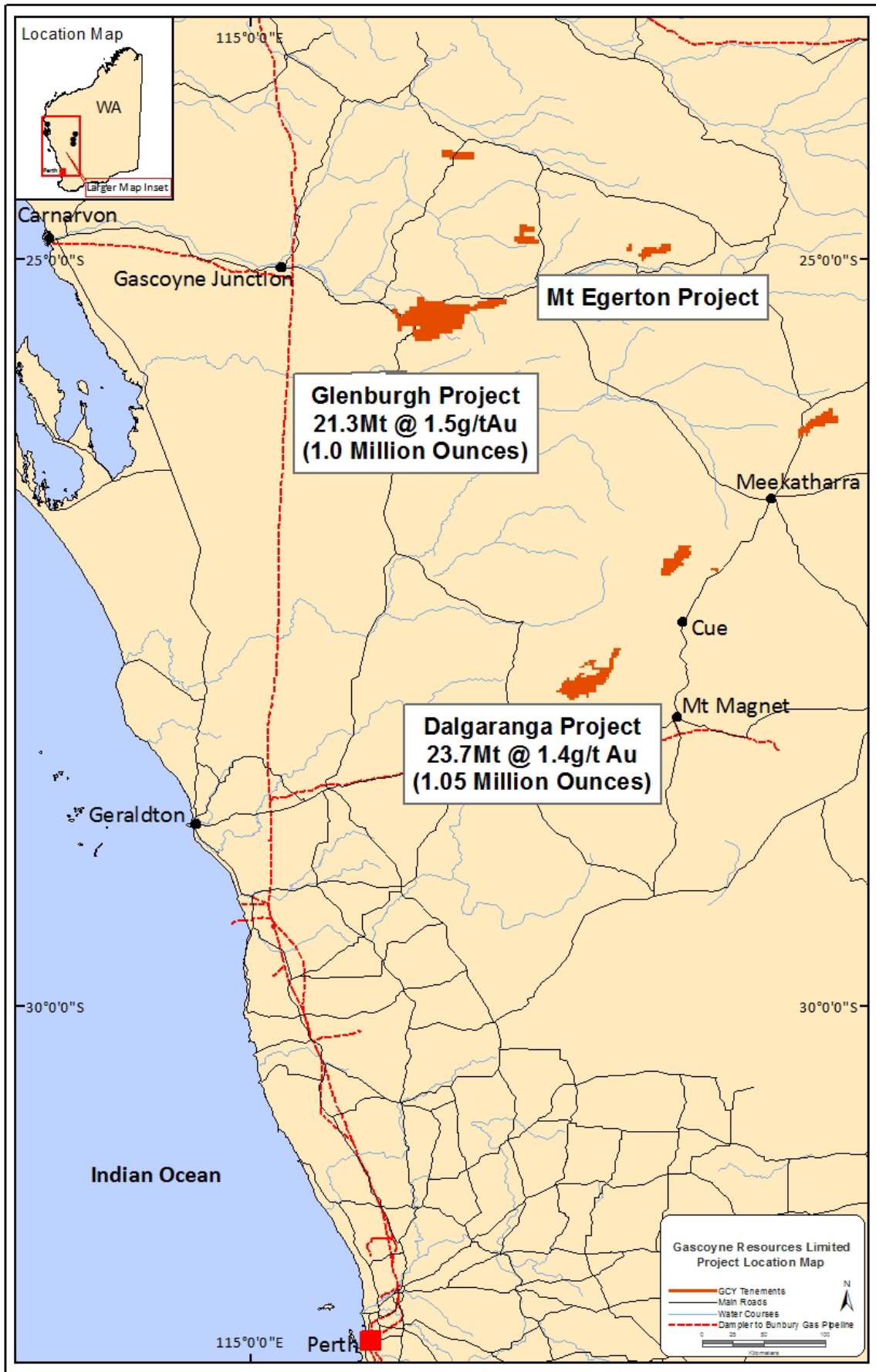


Figure 2: Gascoyne Resources Project Locations in the Gascoyne and Murchison Regions

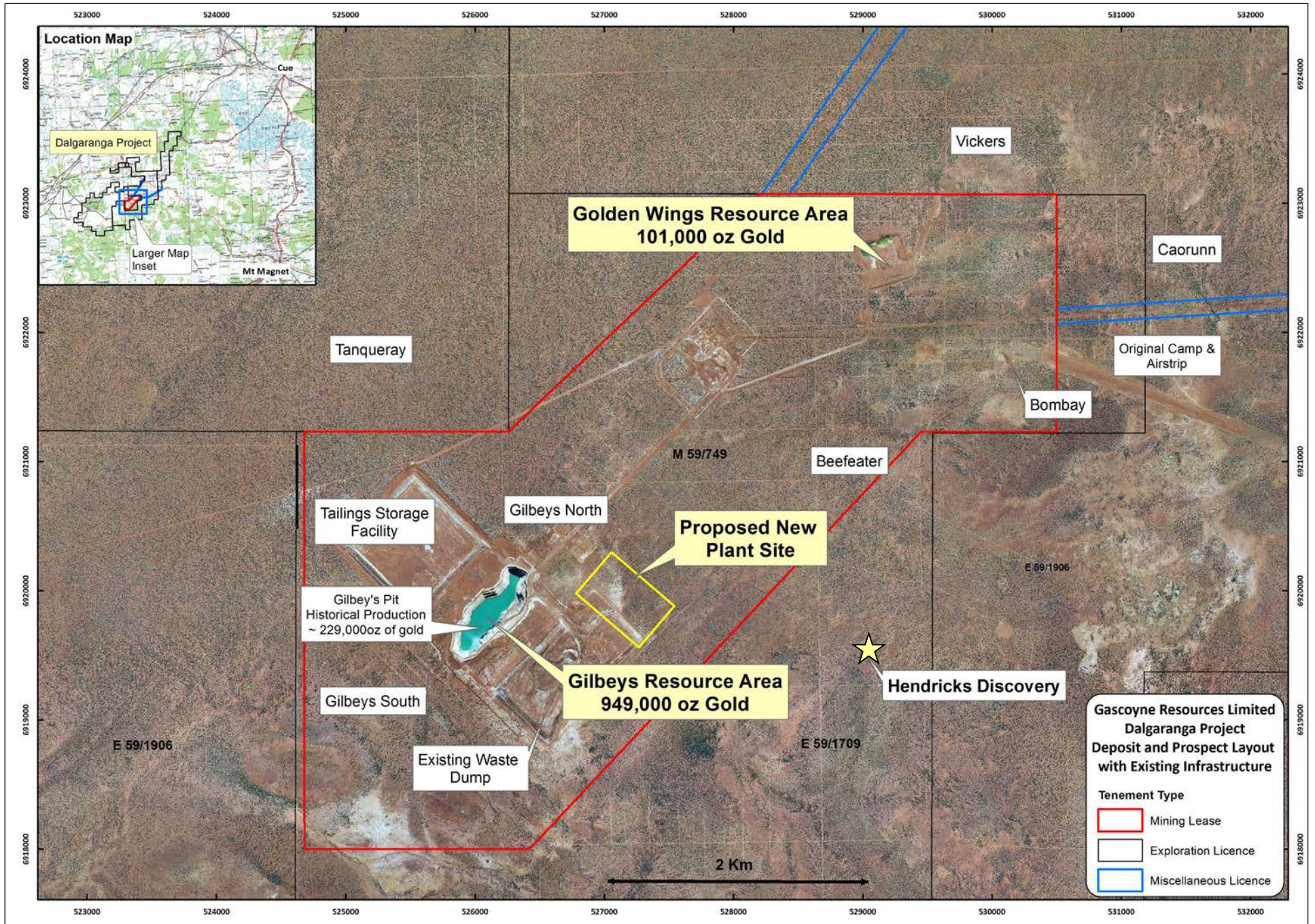


Figure 3: Dalgara Site Layout

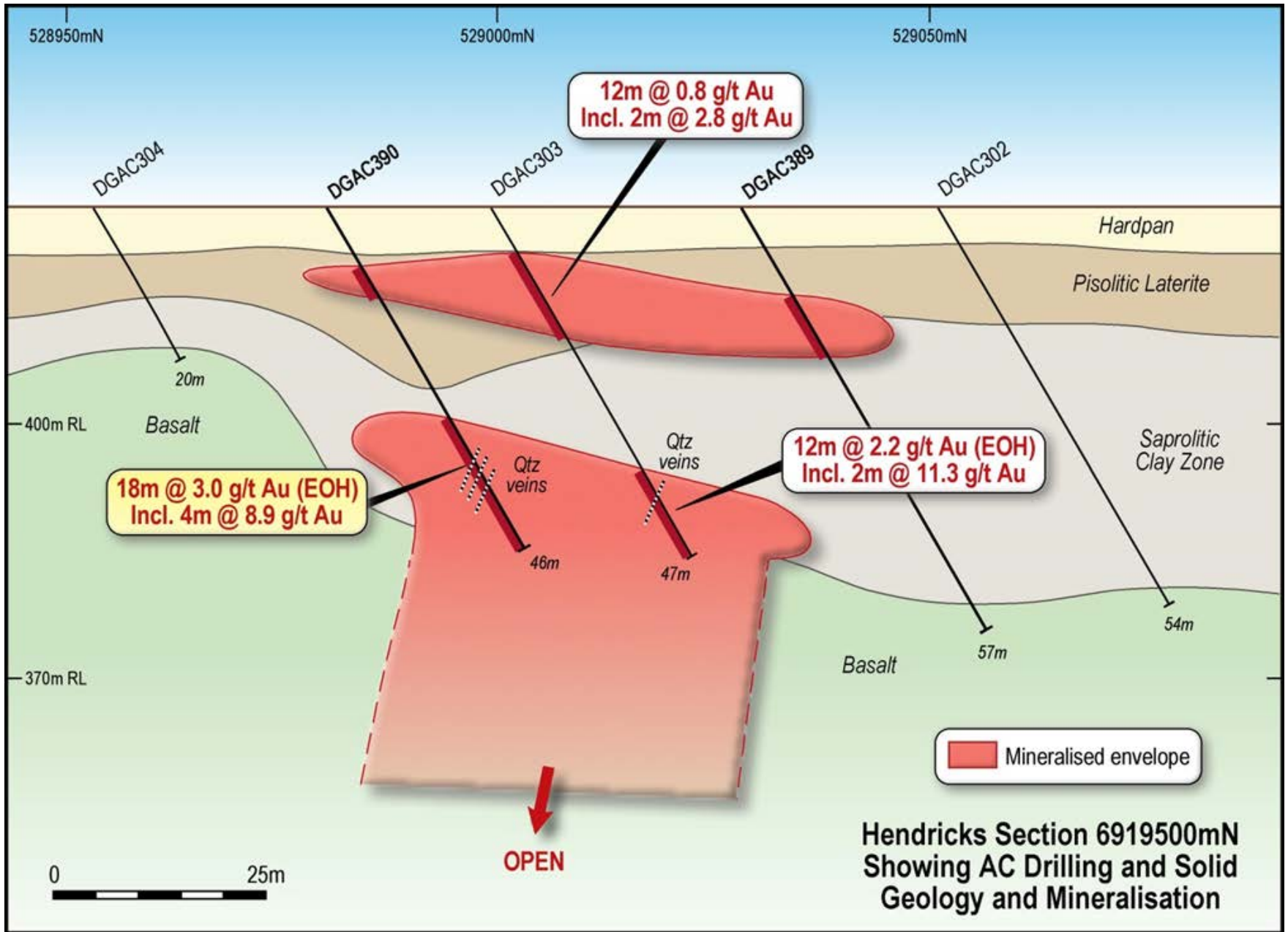


Figure 4: Hendricks Cross Section 6919500 N showing Aircore Drilling Results and Geology

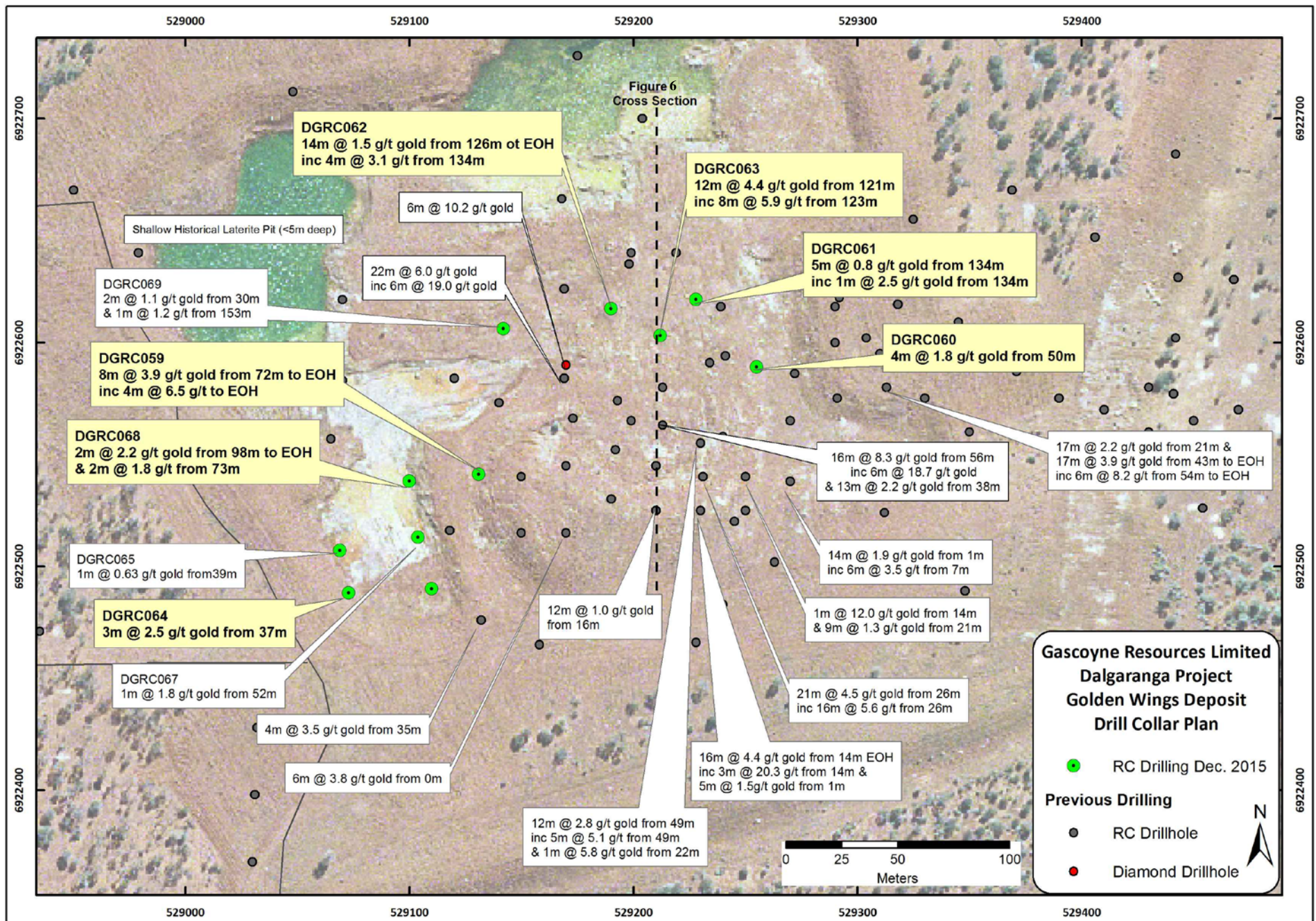


Figure 5: Collar Plan of the Golden Wings Deposit

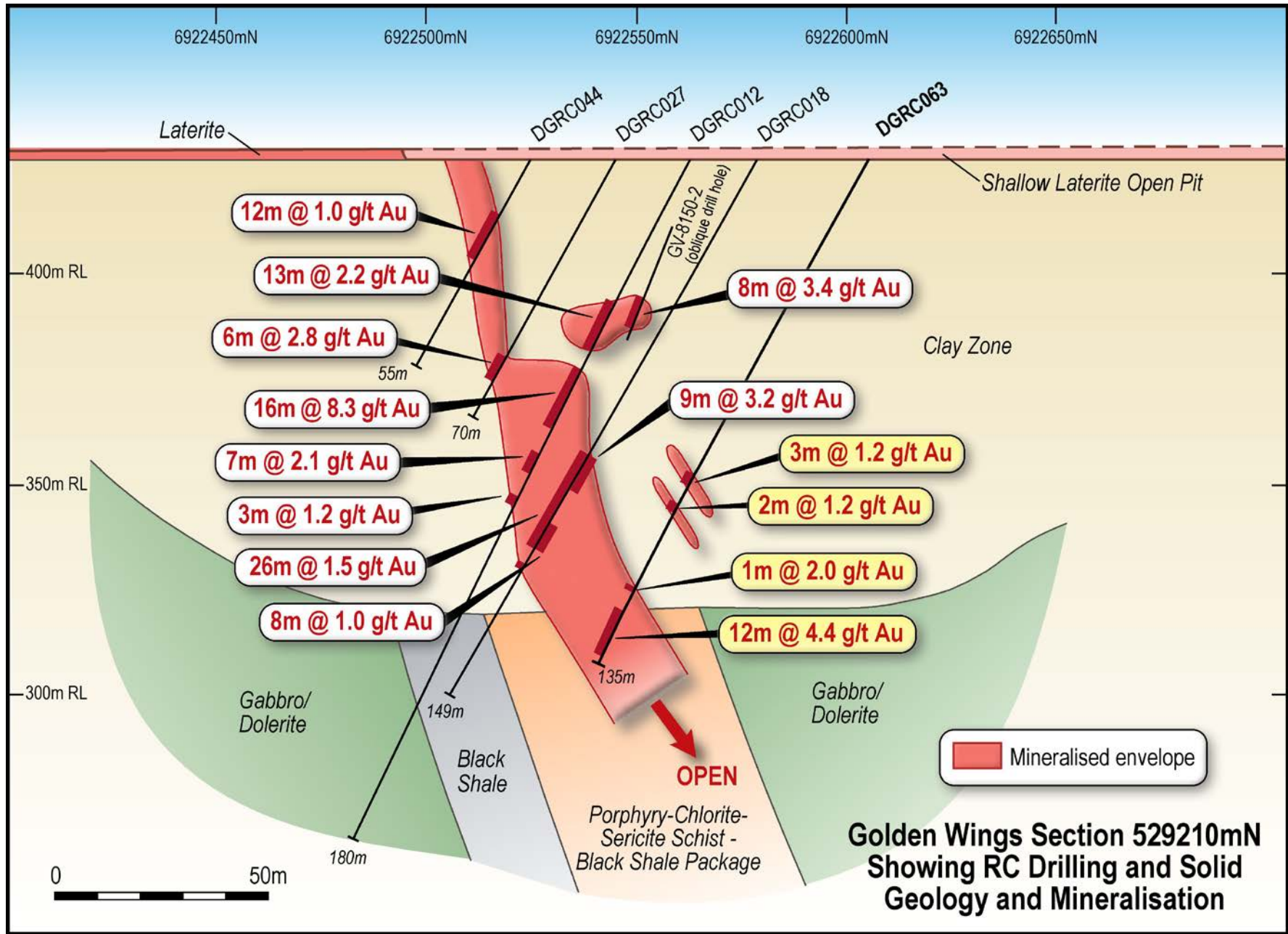


Figure 6: Golden Wings RC Section 529210E showing drill intersections, geology and mineralisation: note new RC Hole DGRC063

Glenburgh Project

M 09/148, E09/1325, 1764, 1865, 1866 & 2025, ELA09/2148, L09/56 & 62 -100% Gascoyne

During the quarter the main activity undertaken at Glenburgh was related to gaining approval of the Mining Proposal from the Western Australian Department on Mines and Petroleum. The proposal was submitted in Q4 2015 and the department has responded with a number of questions regarding the MP. The Company is working through the queries.

In addition to the approvals activities, planning for further exploration drilling was undertaken on the project. It is anticipated that exploration drilling will be undertaken on the project in the second quarter of 2016.

CORPORATE

Subsequent to the end of the quarter, the company undertook a private placement to raise \$15 million. The placement is being undertaken in two tranches, tranche one of 33.3 million shares were issued in mid April to raise approximately \$11 million the second tranche of 12.2 million shares to raise approximately \$4 million is subject to shareholder approval at a general meeting to be held on the 25th of May 2016.

The notice of meeting for the meeting to be held on the 25th of May and associated proxy forms have been distributed to shareholders.

The Company's cash reserves were \$1.7 million at the end of March excluding the funds raised in tranche one of the placement outlined above.

Mining Tenements held at 29th April 2016

All the company's tenements are within Western Australia

Tenement	Location	Name	Mineral	Ownership
ELA09/2142	Gascoyne Region	Bassit Bore	Gold	100% Gascoyne Resources
ELA21/195	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1709	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1904	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1905	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
EL59/1906	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
L59/141	Murchison Region	Dalgaranga	N/A	80% Gascoyne Resources
L59/142	Murchison Region	Dalgaranga	N/A	80% Gascoyne Resources
LA59/151	Murchison Region	Dalgaranga	N/A	80% Gascoyne Resources
LA59/152	Murchison Region	Dalgaranga	N/A	80% Gascoyne Resources
LA59/153	Murchison Region	Dalgaranga	N/A	80% Gascoyne Resources
ML59/749	Murchison Region	Dalgaranga	Gold	80% Gascoyne Resources
ELA59/2150	Murchison Region	Dalgaranga	Gold	100% Gascoyne Resources
ELA52/3400	Pilbara Region	Elphin Bore	Gold	100% Gascoyne Resources
EL09/1325	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1764	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1865	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/1866	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
EL09/2025	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA09/2148	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
L09/62	Gascoyne Region	Glenburgh	N/A	100% Gascoyne Resources
L09/56	Gascoyne Region	Glenburgh	N/A	100% Gascoyne Resources
ML09/148	Gascoyne Region	Glenburgh	Gold	100% Gascoyne Resources
ELA59/2150	Murchison Region	Dalgaranga	Gold	100% Gascoyne Resources
EL51/1648	Murchison Region	Murchison	Gold	100% Gascoyne Resources
EL52/2117	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
EL52/2515	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
EL52/2866	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ML52/343	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ML52/567	Gascoyne Region	Mt Egerton	Gold	100% Gascoyne Resources
ELA52/3394	Gascoyne Region	Mt James	Gold	100% Gascoyne Resources
EL20/799	Murchison Region	Murchison	Gold	100% Gascoyne Resources
ELA51/1681	Murchison Region	Murchison	Gold	100% Gascoyne Resources

Abbreviations and Definitions used in Tenement Schedule:

EL Exploration Licence	ELA Exploration Licence Application
PL Prospecting Licence	PLA Prospecting Licence Application
LA Miscellaneous Licence Application	L Miscellaneous Licence
ML Mining Lease	

Competent Persons Statement

Information in this announcement relating to new exploration results for the projects 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 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 Gilbeys and Golden Wings Mineral Resources at the Dalgaranga and Glenburgh Projects 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 4th November 2015 titled: Dalgaranga Mineral Resource Grows to Over One Million Ounces, ASX announcement 24th February 2016 titled 40% Increase in Golden Wings Mineral Resource at Dalgaranga and ASX announcement 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 Gilbeys and Golden Wings Ore Reserves at the Dalgaranga Project have been estimated by CSA Global 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 (see GCY-ASX announcement 31st March 2016 titled: Dalgaranga Pre-Feasibility Confirms Exceptional Project Economics). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves 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 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 with the JORC 2012 guidelines. This new JORC 2012 resource, reported above, will form the basis for any future studies.

The Egerton Resource estimate and Gaffney's Find prospect historical exploration results have been sourced from Exterra Resources annual reports and other publicly available reports which have undergone a number of peer reviews by qualified consultants, who conclude that the resources comply with the JORC code and are suitable for public reporting. This information was prepared and first disclosed under the JORC Code 2004. It has 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.

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 two main gold projects combined have **2.1 million ounces of contained gold on granted Mining Leases**:

DALGARANGA (80% GCY):

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 resources of **23.7 Mt @ 1.4g/t Au for 1,051,000 ounces** of contained gold (Table 8). The Dalgaranga project has an Initial **Proved and Probable Ore Reserve of 442,000 ounces of gold** (Table 9).

A PFS has been completed and full FS has commenced. The PFS, has highlighted a robust development case for the project and concluded that the operation would have low capital and operating costs and a long life with high operating margins. The study investigated the development of two open pits feeding a new 2.5Mtpa processing facility resulting in production of around 100,000ozpa for 6 years. It is expected that the FS will be completed by the end of 2016, with final development decision in early 2017.

Significant exploration potential also remains outside the known resource with numerous historical geochemical prospects only partly tested. The Golden Wings deposit is also open along strike and at depth.

Table 8 Dalgaranga Project

February 2016 Mineral Resource Estimate (0.5g/t Cut-off Above 120mRL, 1g/t Cut-off Below 120mRL)

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				0.5	1.1	17,100	0.1	0.8	3,000	0.6	1.1	20,000
Oxide	0.4	1.8	20,000	1.0	1.7	52,000	0.5	1.9	28,000	1.8	1.8	100,000
Transitional	0.3	1.8	14,000	0.5	1.8	28,000	0.2	1.6	11,000	1.0	1.7	53,000
Fresh	1.8	1.3	74,000	7.5	1.3	322,000	11.1	1.4	482,000	20.4	1.3	878,000
Total	2.4	1.4	108,000	9.4	1.4	419,000	11.9	1.4	524,000	23.7	1.4	1,051,000

Table 9: Dalgaranga Ore Reserve

Ore Reserve Category	Tonnes (Mt)	Gold Grade (g/t)	Contained Gold Ounces
Proved	2.27	1.34 g/t	97,000
Probable	7.81	1.4 g/t	345,000
Total Ore Reserve	10.1	1.4	442,000

GLENBURGH (100% GCY):

The Glenburgh Project in the Gascoyne region of Western Australia, has a Measured, Indicated and Inferred resource of: **21.3 Mt @ 1.5g/t Au for 1.0 million oz gold** from several prospects within a 20km long shear zone (see Table 10)

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 4.9mt @ 2.0g/t for 316,000oz (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 10: Glenburgh Deposits - Area Summary
2014 Mineral Resource Estimate (0.5g/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 (100% GCY)

The project includes the high grade Hibernian deposit which contains a resource of **116,400 tonnes @ 6.4 g/t gold for 24,000 ounces** in the Measured, Indicated and Inferred JORC categories (Table 11). The deposit lies on a granted mining lease and previous drilling includes high grade intercepts, **2m @ 147.0 g/t gold, 5m @ 96.7 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 current JORC Resource with drilling testing deeper extensions to known shoots and targeting new shoot positions.

Table 11: Egerton Project: Hibernian Deposit Mineral Resource (2.0g/t Au Cut-off)

Classification	Tonnes	Au g/t	Au Ounces
Measured Resource	32,100	9.5	9,801
Indicated Resource	46,400	5.3	7,841
Inferred Resource	37,800	5.1	6,169
Total	116,400	6.4	23,811

Gascoyne is continuing to evaluate the Glenburgh gold deposits to delineate meaningful increases in the resource base and progress project permitting, while also continuing to explore the Dalgaranga project with the view to moving towards a low capital cost development as rapidly as possible. The Company also has 100% ownership of the 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, 01/05/2013

Name of entity

Gascoyne Resources Limited

ABN

57 139 522 900

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(625)	(1,604)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	15
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	16	39
Research and Development Tax Incentive	258	258
Net Operating Cash Flows	(529)	(1,830)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Release of security deposit	-	20
Stamp duty on Egerton acquisition	-	(36)
Net investing cash flows	(2)	(18)
1.13 Total operating and investing cash flows (carried forward)	(531)	(1,848)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(531)	(1,848)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,520
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs	-	(170)
	Net financing cash flows	-	2,350
	Net increase (decrease) in cash held	(531)	502
1.20	Cash at beginning of quarter/year to date	2,236	1,203
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,705	1,705

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	80
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Director fees \$80k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,300
4.2 Development	
4.3 Production	
4.4 Administration	440
Total	1,740

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,705	2,236
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.22)	1,705*	2,236

* Excludes funds raised via a private placement on the 11th of April (\$15 million via a two tranche placement)

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E21/184	Withdrawn	100%	0%
	E52/3218	Withdrawn	100%	0%
	Lo6/65	Surrendered	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	E21/195	Application	0%	100%
	E51/1648	Granted	100%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	206,250,577	206,250,577		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	3,900,000 500,000	Nil Nil	<i>Exercise price</i> \$0.26 \$0.25	<i>Expiry date</i> 15 November 2016 24 September 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Company secretary

Date: 29 April 2016

Print name: Eva O'Malley

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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