

CORPORATE DETAILS

Directors

Graham Riley
Non-Executive Chairman

Gordon Dunbar
Managing Director

John den Dryver
Non-Executive Director

Assets

Cash \$3.5M

Glenburgh Gold (100%)
203,000 oz Au

Company Information:

ASX Codes GCY

Shares 61.15M

Share Price10.5 cents

Market Capitalisation

\$6.4 Million

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Highlights

TECHNICAL

- Icon Deposit extended 100m to east & Zone102 extended 50m.
- An Update of the current Inferred Resource of 2.4M tonnes at 2.6g/t gold for 203,000oz gold has commenced.

CORPORATE

- The scheme to enable shareholders of Unmarketable Parcels of Shares to sell their shares without brokerage costs was completed during the quarter.

REVIEW OF OPERATIONS

GLENBURGH E09/1079, E09/1325, ELA09/1764 100% Gascoyne

RC Drilling

The results from the RC drilling undertaken in early July at the Icon, Apollo and Zone 102 Deposits at the Glenburgh project have been received. A total of 1,956 metres of reverse circulation drilling in 15 holes was completed and successfully extended the Icon Deposit a further 100m east and extended one of the mineralised surfaces at the Zone 102 Deposit a further 50 metres further east. Results include:

Icon Drilling:

47m @ 1.4 g/t Au in VRC399 from 81m (including 6m @ 3.0g/t and 8m @ 2.0g/t)

18m @ 1.4 g/t Au in VRC401 from 69m (including 4m @ 2.2g/t)

Zone 102:

14m @ 0.7 g/t Au in VRC412 from 31m.

A brief description of the results at each of the deposits is outlined below:

ICON DEPOSIT

Drilling to the east of the Icon Deposit has confirmed that the deposit extends for at least 100m further to the east than previously interpreted. Hole VRC399 returned 47m @ 1.4 g/t gold (from 81m) 50m to the east and VRC401 returned 18m @ 1.4g/t gold (from 69m) a further 50m east of the interpreted edge of the resource model. Three holes, VRC 409, 410 & 411 drilled on a line a further 100m to the east did not return significant values but it appears they may have been located too far to the north to intersect the mineralised zone, or the mineralisation has been offset by a fault that runs through the area. The extension of the Icon Deposit east of this offsetting fault remains untested. See Table One for significant results and Figure One for the location of significant intersections.

APOLLO WEST

Drilling at this location to detect the faulted extension to the Apollo Deposit returned in VRC405 a one metre intersection @ 2.6g/t gold that on repeat analysis reported as 6.2 and 4.7 g/t gold for an average gold grade of 4.5g/t from 15m. The Apollo West position remains a target area for further drilling. See Table One and Figure One.

ZONE 102

Drilling to extend a high grade section of this deposit confirmed a 50m extension to the east with VRC 412 returning 15m @ 0.7g/t gold (from 31m). This gives confidence to the geological interpretation of this deposit. See Table One below, for significant intersections.

TABLE ONE: Significant Intersections from Recent RC drilling at Glenburgh					
Deposit	Hole Number	From	To	Interval	Grade g/t Au
Icon	VRC399	81	128	47	1.4
	inc	94	102	8	2.0
	inc	113	119	6	3.0
Icon	VRC400	125	128	3	1.0
	VRC400	150	152	2	1.5
Icon	VRC401	69	87	18	1.4
	inc	81	85	4	2.2
Apollo South West	VRC405	15	16	1	2.6
Icon	VRC407	36	39	3	1.4
Icon	VRC407	75	86	11	0.7
Icon	VRC408	25	29	4	1.5
Icon	VRC408	45	47	2	0.8
Icon	VRC408	65	71	6	1.2
Icon	VRC408	92	94	2	2.0
Zone 102	VRC412	31	45	14	0.7
Zone 102	VRC413	72	80	8	0.5

Note: Holes not listed did not intersect significant mineralisation.

For the locations and collar details of this drilling refer to the ASX release dated 26 August 2010.

The drilling was conducted using RC drilling with samples being collected at one metre intervals and a subsample of approximately 2kg being split for pulverisation and analysis for gold using Fire Assay with a 50 gram charge by Genalysis Laboratory Services Pty Ltd.

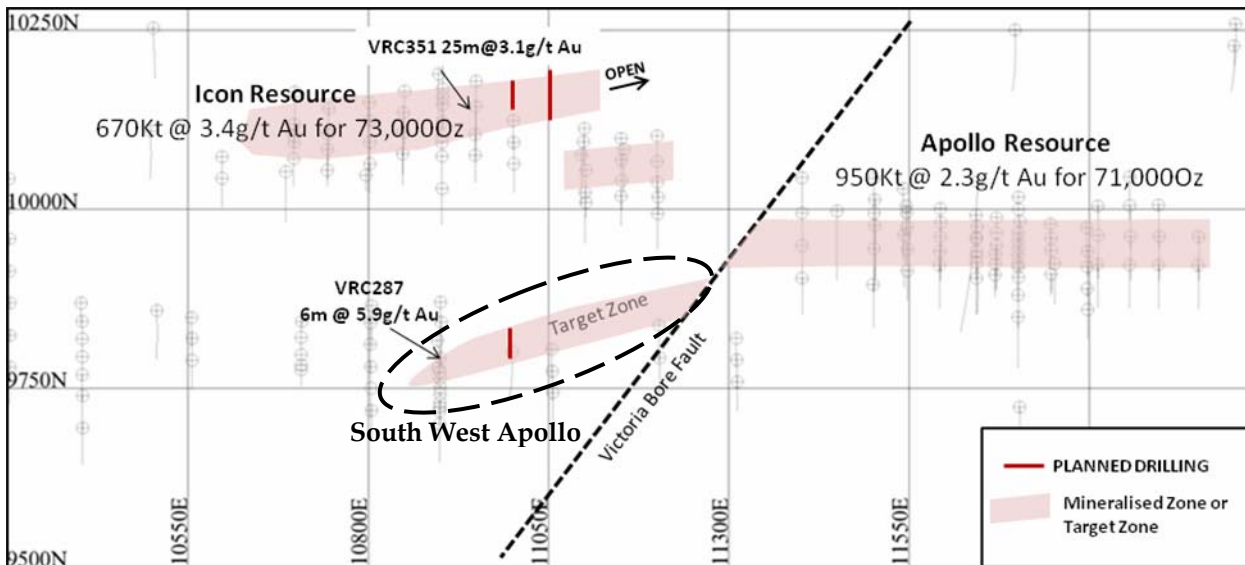


Figure 1: Apollo and Icon Drill Collars and planned drilling on the Victoria Bore Local Grid

Resource Estimate

Following the receipt of these drilling results there is considerable potential to increase the resource estimate for the Icon and Zone 102 deposits. Accordingly a revised resource estimate for the Glenburgh Project has commenced. This estimate will use a yet to be determined cut off, lower than the previous estimates that were based on a 1.0 g/t gold cut off. This is commensurate with the increase in the price of gold from approximately A\$800 oz when the last estimate was undertaken to the current A\$+1300 oz.

Geochemical and Geological Targeting

During the quarter the geochemical data of the Glenburgh project was reassessed along with the regolith of the area to determine where the various methods of sampling (soil, auger or vacuum drilling) would have been effective or conversely ineffective. This has led to the identification of NEW TARGETS for RAB and RC drilling while identifying zones of interest that are inadequately tested and determining the appropriate method for effective geochemical sampling.

Also undertaken during the quarter was the geological reconstruction of the Glenburgh area. This involved use of the aeromagnetic data and systematically removing three generations of faults that have sliced through the area, to reconstruct the geological setting at the time that the gold mineralisation is believed to have been introduced into the system. Significantly three gold mineralised trends have been identified and their current (faulted) position located. Some of these trends, such as the trend that hosts the Icon Deposit has had no sampling along it except in the immediate vicinity of Icon while sections of the Apollo trend that were not previously recognised are associated with robust geochemical anomalies.

Forward Program

As mentioned above, re-estimation of the Glenburgh resource is underway and is expected to be finished in mid November.

Additionally, the structural and geochemical review has outlined a number of new targets that require drill testing. This drilling has been planned and is expected to commence in the last week of October. This will include shallow geochemical drilling and RC and RAB drilling of the priority targets (see Figure 2 below)

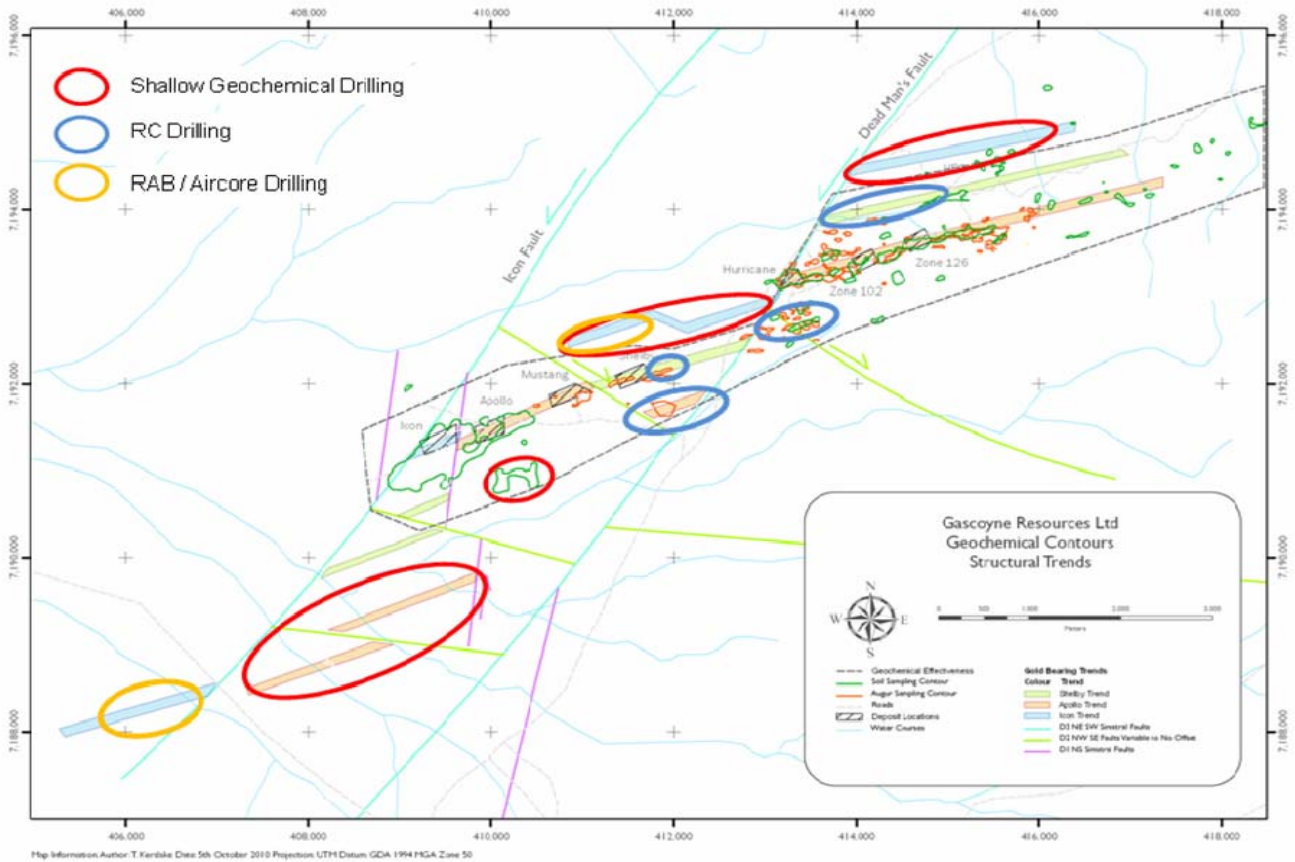


Figure 2: Location of priority targets outlined by the geochemical and structural review of the Glenburgh project.

BASSIT BORE E09/1088, ELA09/1750, ELA 09/1751 100% Gascoyne

RAB Drilling Program

The results from the recent aircore drilling at the Bassit Bore project have been received. A total of 2,307 metres of reverse circulation / aircore drilling in 46 holes was completed. This drilling, the first that has been undertaken at the Bassit Bore project area was targeted on anomalous historical soil sampling sites. The drilling identified a number of anomalous intersections including 4m @ 485 ppb Au in BBAC006, 10m @ 257ppb Au in hole BBAC009 (to the end of hole), 4m @ 711ppb Au in BBAC21 and 4m @ 485 ppb Au in BBAC028,

For the collar details of this drilling refer to the ASX release dated 13th September 2010.

A total of 11 of the 46 holes returned intersections of greater than 200ppb. For the first pass drill testing of an area, the program was successful in identifying a number of targets.

In addition to the drilling, the analytical results of the regional stream sediment program that was completed in July have been received. The sampling has identified a number of highly anomalous drainages, with 27 drainages returning over 5ppb Au including 4 which returned results above 20ppb. To put these results into perspective, previous stream sediment surveys showed a background level of around 1.5ppb Au. The highest result from the recent stream sediment survey was 830ppb Au.

As a result of the stream sediment sampling, a soil sampling program to cover the anomalous drainages (at 200m line spacing) has been completed, with results expected within a month.

BUSTLER WELL E52/2348 100% Gascoyne

This licence covers historical pits and diggings that were RC drilled in the late 1980's with several holes returning narrow widths of high grade gold, (refer to Gascoyne Resources Limited Prospectus dated 26 October 2009).

During the quarter the results of a detailed stream sediment sampling program of 124 samples conducted in the southern and south western portion of the licence area were received. Anomalous and enhanced gold in stream sediments were returned from the area generally to the south and west of the drilled historical pits and diggings

Soil sampling across the stream sediment anomalous areas is expected to be undertaken next field season.

MT JAMES E52/2343 100% Gascoyne

No exploration activities were undertaken during the quarter.

CORPORATE

Sale of unmarketable shares

During the quarter the company sold the unmarketable parcels of shares from the share sale facility that was set up in May 2010 and distributed the proceeds to those shareholders who took part in this facility.

The sale of these shares, on behalf of the holders of unmarketable parcels, has reduced the total number of shareholders from approximately 5,800 down to around 1,900. This will significantly reduce the share registry costs to the company.

BACKGROUND ON GASCOYNE RESOURCES

Gascoyne Resources Limited was listed on the ASX in December 2009 following the amalgamation of the gold assets of Helix Resources Limited and Giralia Resources NL in the Gascoyne Region and capital raising. Both Helix and Giralia have distributed in-specie 80% of their shareholding in Gascoyne to their shareholders.

Gascoyne Resources is endowed with

- the Glenburgh Project that has an inferred resource estimate of: 2.4Mt @ 2.6g/t Au for 203,000oz gold from several prospects within the 20km long shear zone.
- Advanced exploration projects at Mt James where drilling has outlined a +1 g/t Au mineralisation over at least 2.5km strike within a 300m thick package of sheared mafic amphibolites and BIFs: and at Bustler Well where previous RC drilling returned narrow high grade intersections including 1m @ 37.4g/t Au, 2m @ 9.08 g/t Au and 3m @ 7.62 g/t Au from a 150m long quartz-shear lode.
- Untested soil geochemical anomalies at Bassit Bore ready to be drilled.

Gascoyne Resources' immediate primary focus is to continue the evaluation of the Glenburgh gold deposits to delineate meaningful increases in the resource base and to identify and test additional targets in the Glenburgh mineralised system and to explore for additional gold resources on the exploration properties. Success in these activities is expected to lead to the development of a gold project based on the Glenburgh gold deposits.

Competent Persons Statements

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr M Dunbar who is a full time employee of Gascoyne Resources Limited and 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 a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Gascoyne Resources Limited

ABN

57 139 522 900

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(526)	(526)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	58	58
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Stamp Duty)	(282)	(282)
Net Operating Cash Flows	(883)	(883)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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 (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(883)	(883)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(883)	(883)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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 (Share issue costs)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(883)	(883)
1.20	Cash at beginning of quarter/year to date	4,380	4,380
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,497	3,497

Payments to directors of the entity and associates of the directors
Payments to 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	52
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	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	540
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	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	997	1,380
5.2 Deposits at call	2,500	3,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,497	4,380

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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.

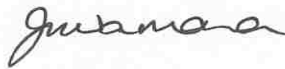
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	61,149,600	53,126,898		
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>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,200,000	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30 November 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 19 October 2010
Company secretary

Print name: Joneen McNamara

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

+ See chapter 19 for defined terms.