

22 February 2011

Australian Stock Exchange Limited
Via Electronic Lodgement

PLACEMENT OF 40M SHARES TO RAISE \$4M

Gascoyne Resources Limited (GCY) wishes to announce that the Company has received an offer of a placement of 40 million shares at 10 cents per share for a total capital raising of \$4,000,000, subject to certain conditions and shareholder approval, from a group of investors including Mr Graham Riley the Chairman of the Company, Mr Michael Dunbar General Manager of the company, Mr Stan Macdonald and Mr Mike Joyce. The independent Directors of the Company, Mr Gordon Dunbar and Mr John den Dryver have considered and have agreed to accept the offer, noting that the offer price per share exceeds the 7 day volume weighted average share price (V-WAP) of GCY and that there are no fees payable on this placement.

The funds raised by this placement will be applied to the scoping study and accelerated drilling program at the Glenburgh gold project as well as working capital to enable GCY to pursue additional opportunities.

Subject to the successful completion of the placement Mr Mike Joyce and Mr Stan Macdonald will be appointed to the board as non-executive Directors of the Company.

Shareholder approval of this placement is required and a General meeting of the Company will be called to consider this matter.

Commenting on the proposed placement, the Company's Managing Director, Mr Gordon Dunbar, said;

'The proposed offer, at a premium to the 7 day V-WAP share price, is very welcome, coming at a time when further capital needed to be raised for our exploration programme. The new proposed non-executive Directors, Mr Stan Macdonald and Mr Mike Joyce, along with Gascoyne's Chairman Graham Riley, currently comprise the Board and executive team at Giralia Resources NL, control of which has now effectively passed to Atlas Iron Limited pursuant to the current takeover, and I understand both Stan and Mike will be relinquishing their executive positions there shortly. This will enable their wealth of knowledge and industry experience to be focused on Gascoyne, which will, I have no doubt, significantly enhance the Company's growth potential and help to successfully grow and expand its asset base. The intended placement is to be considered by shareholders, and I commend the proposal to them.'

Signed



Eva O'Malley
Company Secretary

