

April 3rd 2019
Australian Securities Exchange Limited
Via ASX Market Announcements Platform

ENTITLEMENT OFFER PROSPECTUS

Gascoyne Resources Limited ("**Gascoyne**" or "**Company**")(**ASX:GCY**) confirms that it has lodged the attached Prospectus with the Australian Securities and Investments Commission for the Entitlement Offer announced on 1 April 2019.

On behalf of the board of
Gascoyne Resources Limited

Eva O'Malley
Company Secretary

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Gascoyne Resources Limited
ACN 139 522 900

Prospectus

For a non-renounceable entitlement offer of four New Shares for every five Shares held by Eligible Shareholders at an issue price of \$0.05 per New Share to raise up to approximately \$20.6 million (**Entitlement Offer**).

The Entitlement Offer is underwritten by Hartleys Limited ABN 33 104 195 057 and Argonaut Capital Limited ABN 18 099 761 547 (together the **Underwriters** and each an **Underwriter**).

This Prospectus is also being issued for the Shortfall Offer, Top-Up Placement, Broker Offer, and for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company pursuant to the Placement prior to the last Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

Important Notices

Lodgement

This Prospectus is dated 2 April 2019 and was lodged with ASIC on that date. ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company has applied to ASX for quotation of the New Shares on ASX. No New Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus.

Transaction specific Prospectus

This Prospectus is a 'transaction specific' prospectus to which the special content rules under Section 713 of the Corporations Act apply. This allows the issue of a concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus.

This Prospectus does not include all of the information that would be included for an initial public offering of securities.

ASX maintains a database of publicly available information issued by the Company as a disclosing entity.

Notes to applicants

The Offers contained in this Prospectus do not take into account the investment objectives, financial position and particular needs of individual investors.

It is important that you read this Prospectus carefully and in full before deciding to apply for Securities. In particular, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before deciding to invest.

No person (whether named in this Prospectus or otherwise) guarantees the performance of the Company, the repayment of capital or the payment of a return on any of the Securities issued under this Prospectus.

No person is authorised to provide any information or make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Securities offered under this Prospectus can only be submitted on the applicable original Application Form.

Applications for the Top-Up Placement and Shortfall Offer can only be submitted by invitation from the Company.

Applications for the Broker Offer can only be submitted by the Underwriters.

Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 5. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. These statements are based on an assessment of

present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Forward looking statements should be read in conjunction with the risk factors set out in Section 5 of this Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Offers, or to otherwise permit a public offering of Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on + 61 8 9481 3434 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, Eligible Shareholders can obtain a copy of this Prospectus on the Company's website at <https://www.gascoyneresources.com.au>, or through 'Investors Login' at <https://www.advancedshare.com.au/investors> (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access).

The Company reserves the right not to accept an Application Form if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Minimum subscription amount

The Entitlement Offer under this Prospectus is conditional on the Company receiving aggregate subscriptions under the Entitlement Offer and Placement for the amount of \$20 million (**Minimum Subscription Amount**).

Binding commitments in the amount of approximately \$3.86 million have already been received under the Placement, and sub-underwriting commitments have been received for approximately \$20.6 million in respect of the Entitlement Offer.

If the Minimum Subscription Amount is not satisfied by the Settlement Date then the Company will not proceed with the Entitlement Offer and will repay all application monies received.

Enquiries

If you have any questions, please call Advanced Share Registry Limited on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia) at any time between 9.00am and 5.00pm (Perth time), Monday to Friday, until the Closing Date. Alternatively, please contact your broker, accountant or other professional adviser.

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Timetable¹

Announcement of the Placement and Entitlement Offer	Monday, 1 April 2019
Lodgement of Prospectus with ASIC and ASX	Tuesday, 2 April 2019
Notice of Entitlement Offer sent to Shareholders	Thursday, 4 April 2019
Record Date for the Entitlement Offer	5pm (Perth time), Monday, 8 April 2019
Entitlement Offer, Shortfall Offer and Broker Offer open	Wednesday, 10 April 2019
Despatch of the Prospectus and Entitlement and Acceptance Form to Eligible Shareholders	Wednesday, 10 April 2019
Placement settlement date	Thursday, 11 April 2019
Closing Date for Entitlement Offer and Broker Offer ²	5pm (Perth time), Wednesday, 1 May 2019
New Shares to be issued under the Entitlement Offer quoted on a deferred settlement basis	Thursday, 2 May 2019
ASX notified of under subscriptions under the Entitlement Offer	Friday, 3 May 2019
Settlement Date for sub-underwriting	Wednesday, 8 May 2019
Issue Date of New Shares under the Entitlement Offer	Wednesday, 8 May 2019
Deferred settlement trading of New Shares under the Entitlement Offer ends	Wednesday, 8 May 2019
Quotation of New Shares issued under the Entitlement Offer	Thursday, 9 May 2019
Top-Up Placement ³ opens (if its proceeds)	Thursday, 9 May 2019
Despatch of holding statements	Thursday, 9 May 2019
Closing date for the Top-Up Placement (if it proceeds)	Friday, 17 May 2019

Issue date for the Top-Up Placement³ (if it proceeds)

Prior to Thursday, 30 May 2019

Closing Date for and last day by which New Shares (if any) may be issued under the Shortfall Offer

1 August 2019

Notes:

1. This timetable is indicative only and Eligible Shareholders are encouraged to submit their Applications as early as possible. The Company, in consultation with the Underwriters, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary these dates without prior notice, including to extend the Closing Date, or to accept late Applications, or to delay or withdraw the Offers. If withdrawn, all application monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.
2. The Broker Offer is subject to Shareholder approval for the issue of the Broker Options.
3. The Top-Up Placement is conditional on the Company electing to proceed with the Top-Up Placement. Following the conclusion of the Placement and the Entitlement Offer and having regard to the level of participation in the Entitlement Offer, the Company, in consultation with the Underwriters, will determine whether it wishes to proceed with the Top-Up Placement.

Chairperson's Letter

Dear Shareholder,

On 1 April 2019 Gascoyne announced it had received firm commitments to raise approximately \$3.86 million (before costs) via a placement of approximately 77.3 million New Shares to sophisticated and professional investors at a price of \$0.05 per New Share (**Placement**) and a four for five non-renounceable pro rata issue of new Gascoyne ordinary shares (**New Shares**) also at a price of \$0.05 per New Share (**Entitlement Offer**) to raise approximately \$20.6 million.

Strong support for the Placement and Entitlement Offer has been received from a number of institutional and sophisticated investors, including a large European investor, Delphi Unternehmensberatung AG (**Delphi**), who is an existing Gascoyne shareholder, and has committed to \$2 million of the Placement and to sub-underwrite up to \$8 million of the Entitlement Offer (subject to not exceeding a 19.9% interest in the Company).

As announced on 1 April 2019, the proceeds from the Placement and Entitlement Offer will be used to strengthen Gascoyne's balance sheet and meet the Company's working capital requirements as the Dalgaranga Gold Project continues its ramp up towards commercial production with lifting production forecast in the second half of 2019 as mining progresses from satellite deposits and peripheral lodes in to the extensions of the previously mined main Gilbeys lode that provides the majority of future ore. The funds raised will allow Gascoyne to continue to pursue its program of operational performance improvements at the Dalgaranga mine (as outlined in the ASX release dated 27 March 2019) targeting improving mined grade and resource reconciliation, and increased material movements. A number of initiatives are being implemented targeting mining rates, including improvements in mine planning processes and systems and additional equipment, whilst reconciliation and mined grades are being addressed through strengthening human resources, and a series of geological reviews including structural mapping studies and trials of alternative resource modelling techniques.

The Gascoyne Directors who hold Shares in the Company will be taking up approximately \$250,000 of their Entitlements under the Entitlement Offer.

The Entitlement Offer is fully underwritten by Hartleys and Argonaut, except in the event that the issue of the Shortfall to Delphi would result in Delphi acquiring greater than a 19.90% interest in the Company. In this case Delphi's sub-underwriting commitment, together with the amount underwritten by the Underwriters, will be reduced to the extent required to ensure Delphi does not exceed a 19.90% interest in the Company. This reduction is not expected to exceed ~\$0.5 million based on Delphi's existing shareholding in the Company.

The number of New Shares you are entitled to subscribe for under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form that is attached to this Prospectus. Eligible Shareholders are also invited to apply for New Shares in excess of their Entitlement.

The Entitlement Offer closes at 5.00pm (Perth time) on Wednesday, 1 May 2019.

Further information on the Entitlement Offer is detailed in this Prospectus. You should read the entirety of this Prospectus carefully, and the Company's ASX announcements, including the Company's recent operational update, before deciding whether to participate in the Entitlement Offer.

An investment in the Company is speculative and subject to a range of risks, which are detailed in Sections 1.2 and 5 of this Prospectus. Key risks to the business include if the Company:

- continues to experience operational issues or reconciliation to Ore Reserve and Mineral Resource models significantly below expectations which could impact the amount of ounces the Company is able to recover;
- fails to comply with the terms of its finance facilities (for example, as a result of any future material underperformance of the Dalgara Project); or
- requires further capital, which could be dilutive to Shareholders (for example if it fails to meet its mining schedule or there is otherwise a material departure from the Company's stated production or cost guidance).

If any of these risks or other material risks eventuate, it may have a material adverse impact on the Company's future financial performance and position.

For further information about the Entitlement Offer, please call the Share Registry, Advanced Share Registry Limited, on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia).

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

Sally-Anne Layman
Chairperson

1 Investment Overview

1.1 Overview of the Entitlement Offer

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

Question	Response	Where to find more information
What is the Entitlement Offer and Placement?	Entitlement Offer The Entitlement Offer is the offer of four New Shares for every five Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.05 per New Share. The Entitlement Offer seeks to issue up to 412,252,289 New Shares and to raise up to approximately \$20.6 million (before costs). Application has been made for the New Shares to be quoted on ASX. Placement The Company has agreed to issue 77,297,304 New Shares at \$0.05 per New Share (the same issue price as the Entitlement Offer) to sophisticated and professional investors (Placement). The Placement will raise approximately \$3.86 million (before costs). A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on New Shares issued pursuant to the Placement are removed.	Section 2.1 and 2.5.
What is the purpose of the Entitlement Offer?	The Entitlement Offer is being made to raise funds to strengthen the Company's balance sheet and for the Company's general working capital purposes.	Section 3.1.
Am I an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who: - are the registered holder of Shares as at 5pm (Perth time) on the Record Date; and - have a registered address in Australia, New Zealand, Germany, Luxembourg, Hong Kong, Singapore, South Africa, Switzerland,	Definition of Eligible Shareholder and section 2.7.

Question	Response	Where to find more information
	or the United Kingdom.	
Is the Entitlement Offer underwritten?	Yes. The Entitlement Offer is underwritten by the Underwriters to the amount of \$20.6 million, except in the event that the issue of the Shortfall to Delphi, as sub-underwriter, would result in Delphi acquiring greater than a 19.90% interest in the Company. In this case Delphi's sub-underwriting commitment, together with the amount underwritten by the Underwriters, will be reduced to the extent required to ensure Delphi does not exceed a 19.90% interest in the Company. This reduction is not expected to exceed ~\$0.5 million based on Delphi's existing shareholding in the Company. Various parties, including a number of institutional and professional investors, have agreed to sub-underwrite the entire Entitlement Offer. The underwriting is subject to the terms and conditions set out in section 6.4.	Section 6.4.
Is there a minimum subscription amount for the Entitlement Offer?	Yes. There is a minimum subscription amount of \$20 million, but it includes amounts raised under the Placement. If this minimum amount is not raised by the Settlement Date, the Company will not proceed with the Entitlement Offer and will repay all application monies received without interest.	
What will be the effect of the Entitlement Offer on control of the Company?	The effect of the Entitlement Offer on the control of the Company will vary with the level of Entitlements and Additional Shares taken up by Eligible Shareholders and the number of New Shares that are taken up by various Sub-Underwriters in the event that Eligible Shareholders do not take up their full Entitlements. The Company and the Underwriters will cap the extent to which a Shareholder or Sub-Underwriter may take up New Shares issued under the Shortfall Offer or sub-underwriting such that there will be no Shareholder or Sub-Underwriter whose interest would exceed 19.9% on the completion of the Entitlement Offer, as a result of the Entitlement Offer.	Section 2.16.
How do I apply for	Applications for New Shares can be made by	Section 2.8.

Question	Response	Where to find more information
New Shares under the Entitlement Offer?	Eligible Shareholders completing the relevant sections of the Entitlement and Acceptance Form accompanying this Prospectus and sending it to the Share Registry together with payment by cheque or BPAY® in the amount of the Entitlement applied for. You may accept all or part of your Entitlement.	
Can I apply for Additional Shares?	Yes. Eligible Shareholders (other than Directors and related parties) may also apply for Additional Shares offered under the Shortfall Offer regardless of the size of their present holding. However, there may be few or no Additional Shares available for issue depending on the level of take up of Entitlements by Eligible Shareholders. There is no guarantee that you will receive any or all of the Additional Shares you apply for and the Company will cap Eligible Shareholders' entitlement to Additional Shares such that no Eligible Shareholder's interest will exceed 19.9% on completion of the Entitlement Offer, as a result of the Entitlement Offer.	Section 2.9.
How will the Additional Shares be allocated?	The Company, together with the Underwriters, reserves the right to scale back any applications for Additional Shares in its absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company and the Underwriters may take into account a number of factors, including the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought additional Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made.	Section 2.9.
What is the Top-Up Placement?	The Company, in consultation with the Underwriters, may also elect to conduct a further placement of up to 61,837,843 New Shares also at an issue price of \$0.05 per New Share to Sub-Underwriters and certain other investors that the Underwriters and the Company may agree, to raise up to a further approximately \$3 million. If the Top-Up Placement proceeds it will have an opening date of 9 May 2019 and a closing date of 5pm (Perth time) on 17 May 2019.	Section 2.4.
Can I sell my Entitlements under	No. The Entitlement Offer is non-renounceable, meaning that Entitlements are not able to be	Section 2.12.

Question	Response	Where to find more information
the Entitlement Offer?	traded or transferred, and any Entitlements not taken up will lapse and no value will be received for them.	
How can I obtain further information?	For further information about the Entitlement Offer, please call the Share Registry, Advanced Share Registry Limited, on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia).	
What is the Broker Offer	The Company is offering the Underwriters a total of up to 6,000,000 Options under the Broker Offer as consideration for acting as underwriters to the Entitlement Offer. The Broker Offer is subject to Shareholder approval for the issue of the Broker Options. The Broker Offer is an Offer to the Underwriters only and only the Underwriters may accept the Broker Offer. A personalised Broker Offer Application Form will be issued to the Underwriters, together with a copy of the Prospectus.	Section 2.6 and 2.10.

1.2 Key Risks

Investors should be aware that subscribing for Securities in the Company involves a number of risks. The below and other risks set out in section 5 may affect the value of the new securities in the future, and investing in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities under this Prospectus.

Risk	Description	Where to find more information
Commodity prices	The value of the Company's assets and the economic viability of its operations may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold prices and the AUD / USD exchange rate.	Section 5.2(a).
Compliance with Finance Facility Terms	The Company has a project financing facility with a limit of \$60 million with National Australia Bank and Commonwealth Bank of Australia as part of the funding package for the Dalgaranga Project. The Company also has a working capital facility with a limit of \$12 million with mining contractor NRW. Under these facilities the financiers have security over the Company's assets and the assets of certain other group members. The failure of the Company to comply with the terms of these facilities, as recently amended, (for example, as a result of any future material underperformance of the Dalgaranga Project) could lead to the amounts outstanding under these facilities becoming repayable (either immediately or after a period of time) and failing repayment, a financier enforcing their security.	Section 5.2(b).
Operational risks	The Company's mining, exploration and development activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of such risks eventuating. The Company will endeavour to take appropriate action to mitigate against operational risks or to insure against them, but the occurrence of any one or a combination of events giving rise to such risks may have a material adverse effect on the Company's performance and the value of its assets.	Section 5.2(i).
Mining risks	When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. This is particularly so where new technologies are employed. Each ore body is unique. The nature	5.2(h).

Risk	Description	Where to find more information
	of mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire ore body. The Company's operations have recently experienced reconciliation to Ore Reserve and Mineral Resource models significantly below expectations which has impacted the ore tonnes available for milling, the milled grades and resultant recovered ounces. Whilst the Company has and continues to allocate significant internal and external resources to improve reconciliation to Ore Reserves and Mineral Resources, there is no guarantee that improvement will be achieved. Failure to improve reconciliation to Ore Reserves and Mineral Resources could result in lower returns from the Company's operations than expected or could result in the Company's operations not being economically viable. This could impact the Company's financial performance and position.	
Dependence on external contractors	The Company has outsourced substantial parts of its mining and exploration activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's production and operations.	5.2(n).
Future capital requirements	Whilst the Offers are expected to leave the Company well positioned, the Company may require further financing to continue to operate in the future if for example it fails to meet its mining	Section 5.2(p).

Risk	Description	Where to find more information
	schedule or there is otherwise a material departure from the Company's stated production or cost guidance. Any additional equity financing that the Company may undertake in the future may dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operation activities. There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.	
Going concern risk	The Company's interim financial report for the half year ended 31 December 2018 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business. However, it includes a note at page 14 regarding the basis of preparation of its financial statements on a going concern basis, despite its net current liability position. The report states that: <i>"the interim financial statements for the half-year ended 31 December 2018 have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2018 the Group recorded a net loss after tax of \$47,223,517, operating cash flows of \$5,645,826 and a deficiency of current assets to current liabilities of \$30,011,834. The deficiency of current assets to current liabilities is principally due to scheduled principal repayments on the Project Finance Facility due within twelve months of the reporting date of \$23,453,234. Subsequent to the reporting date, the Group has renegotiated the repayment schedule with its financiers resulting in a reduction in current liabilities of \$19,453,234. Refer to note 9a) for further details.</i> <i>The \$12,000,000 working capital facility executed with Dalgara mining contractor NRW Pty Ltd on 21 December 2018 was drawn down in January 2019 and utilised to reduce trade and other payables. The facility is scheduled to be repaid in instalments from July to December 2019. Subsequent to the reporting date, the</i>	Section 5.2(r).

Risk	Description	Where to find more information
	<i>Group has renegotiated the repayment schedule with NRW Pty Ltd from July to December 2019 to January to June 2020.</i> <i>The Group expects to generate net cash flows from operations from its Dalgara Gold Project which is currently ramping up production to commercial levels. The Group also plans to raise equity to provide additional working capital to assist with funding needs through this period.</i> <i>Based on the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these interim financial statements.</i> <i>If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.”</i>	

2 Details of the Offers

The Company is making separate Offers pursuant to this Prospectus. The purpose of the Offers and the use of funds raised pursuant to the Offers are set out in Section 3.

2.1 The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable entitlement offer of four New Shares for every five Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.05 per New Share. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 412,252,289 New Shares will be issued pursuant to the Entitlement Offer to raise approximately \$20.6 million (before costs).

The Entitlement Offer is non-renounceable, meaning that Entitlements are not able to be traded or transferred, and any Entitlements not taken up will lapse and no value will be received for them.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 3.1.

Eligible Shareholders (other than Directors and related parties) will be able to apply for Additional Shares in excess of their Entitlements, further details of which are contained in Section 2.9.

2.2 Minimum Subscription Amount

The Entitlement Offer, Shortfall Offer and Top-Up Placement under this Prospectus are conditional on the Company receiving aggregate subscriptions under the Entitlement Offer and Placement for the amount of \$20 million by the Settlement Date.

Binding commitments in the amount of approximately \$3.86 million have already been received under the Placement, and sub-underwriting commitments have been received for approximately \$20.6 million in respect of the Entitlement Offer.

2.3 The Shortfall Offer

Any Entitlements not taken up under the Entitlement Offer will become Shortfall Shares.

Subject to the terms of the Underwriting Agreement, the Directors reserve the right at their discretion to place any Shortfall Shares within three months after the Closing Date of the Entitlement Offer, including to those Eligible Shareholders who apply for Additional Shares (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus, on the same terms and conditions as the Entitlement Offer, except as set out in this Prospectus, and will remain open for up to three months from the Closing Date. The issue price for each New Share to be issued under the Shortfall Offer will be \$0.05 (the same issue price as under the Entitlement Offer).

Any investor who is not an Eligible Shareholder at the Record Date and who the Company invites to participate in the Shortfall Offer, will need to follow the procedure advised to them by the Company for applications under the Shortfall Offer.

2.4 The Top-Up Placement Offer

This Prospectus also contains, at the Company's election, an offer to Sub-Underwriters and any other persons the Company and the Underwriter agree, of up to 61,837,843 New Shares at an issue price of \$0.05 per New Share (the same issue price as under the Entitlement Offer), with a closing date of 5.00pm (Perth time) on 17 May 2019 and otherwise on the same terms as the Entitlement Offer.

The Company will make a decision whether to proceed with the Top-Up Placement following the conclusion of the Placement and the Entitlement Offer and having regard to the level of participation in the Entitlement Offer.

The Top-Up Placement could raise up to approximately \$3 million (before costs). All proceeds from the Top-Up Placement will be used in accordance with Section 3.1.

Only those persons directed by the Underwriters should complete the Top-Up Placement Application Form.

No New Shares will be issued to an applicant under the Top-Up Placement if the issue of the New Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

2.5 Placement

As announced to the ASX on 1 April 2019, the Company has agreed to issue 77,297,304 New Shares at \$0.05 per New Share (the same issue price as the Entitlement Offer) to

sophisticated and professional investors to raise approximately \$3.86 million (before costs) (**Placement**). The 77,297,304 New Shares to be issued under the Placement are expected to be issued on 12 April 2019. As this date is after the Record Date for the Entitlement Offer, participants in the Placement will not be able to participate in the Entitlement Offer in respect of the New Shares they receive under the Placement. All proceeds from the Placement will be used in accordance with Section 3.1.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months after the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (1) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (2) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on New Shares issued pursuant to the Placement are removed.

2.6 Broker Offer

Pursuant to this Prospectus the Company also offers a total of up to 6 million Broker Options to the Underwriters under the Broker Offer as part of the consideration for acting as Underwriters of the Entitlement Offer. Each Underwriter will be entitled to a maximum of up to 3 million Broker Options. The Broker Offer is subject to Shareholder approval for the issue of the Broker Options.

The actual number of Broker Options which each Underwriter is entitled to subscribe for under the Broker Offer will be determined in accordance with the following formula:

Number of Broker Options = 3,000,000 multiplied by A/\$24.48 million (where A equals the amount raised under the Placement and the Entitlement Offer).

Further detail with respect to the terms of the Broker Options (as well as the Underwriters' entitlement to subscribe for such Broker Options) is set out in section 4.2 of this Prospectus.

2.7 Eligibility to participate in the Entitlement Offer

Subject to Section 2.19, Shareholders who are entered on the Register at 5pm (Perth time) on the Record Date and who have a registered address in Australia, New Zealand

Germany, Hong Kong, Luxembourg, Singapore, South Africa, Switzerland, or the United Kingdom are eligible to participate in the Entitlement Offer and any Shortfall Offer.

The Entitlement Offer and any Shortfall Offer is not being extended to any Shareholder with a registered address outside Australia, New Zealand, Germany, Hong Kong, Luxembourg, Singapore, South Africa, Switzerland and the United Kingdom. The Company has determined that making the Entitlement Offer to Shareholders with a registered address outside of those jurisdictions is not reasonable in the circumstances, taking into account the small number of Shareholders resident outside those jurisdictions and the number and value of New Shares that would have been offered to those Shareholders.

2.8 Acceptance and how to apply

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. There is no minimum subscription you are required to apply for.

You may participate in the Entitlement Offer as follows:

Subscribe for all of your Entitlement

If you wish to accept your full Entitlement:

- (a) complete the Entitlement and Acceptance Form; and
- (b) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency in accordance with Section 2.13, for the amount indicated on the Entitlement and Acceptance Form. If you wish to pay by BPAY® please refer to Section 2.14.

Subscribe for part of your Entitlement

If you only wish to accept part of your Entitlement:

- (a) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (b) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency in accordance with Section 2.13, for the appropriate application monies (at \$0.05 per New Share). If you wish to pay by BPAY® please refer to Section 2.14.

Subscribe for Additional Shares

If you wish to subscribe for Additional Shares (see Section 2.9 below):

- (a) fill in the number of Additional Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (b) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency in accordance with Section 2.13, for the appropriate application monies (at \$0.05 per Additional Share). If you wish to pay by BPAY® please refer to Section 2.14.

2.9 Applying for Additional Shares

Eligible Shareholders (other than Directors and any other related parties of the Company) may, in addition to their Entitlement, apply for Additional Shares from any Shortfall that becomes available, by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form.

It is possible that there will be few or no Additional Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Shortfall Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Entitlement Offer that Applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for, if so allocated. If a lesser number of Additional Shares is allocated to them than applied for, excess application monies will be refunded without interest. The Company together with the Underwriters reserve the right to scale back any applications for Additional Shares in their absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company and the Underwriters may take into account a number of factors, including the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made.

No Additional Shares will be issued to an Applicant under this Prospectus if the issue of Additional Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

2.10 How to apply for the Broker Offer

The Broker Offer is an offer to the Underwriters only. Only the Underwriters may apply for Broker Options (as the case may be) under the Broker Offer.

A personalised application form will be issued to each of the Underwriters together with a copy of this Prospectus (**Broker Offer Application Form**). The number of Broker Options to be offered to each of the Underwriters will be outlined in the Broker Offer Application Form provided by the Company. The Company will only provide the Broker Offer Application Form to the Underwriters.

In order to apply for the issue of Broker Options under the Broker Offer, the Underwriters must complete and return the personalised Broker Offer Application Form to:

Company Secretary
Gascoyne Resources Limited
Level 1, 41-47 Colin Street
West Perth WA 6005

by no later than 5:00pm on the Closing Date. If the Broker Offer Application Form is not returned by this time and date, then the Broker Offer, with respect to that applicant, will lapse.

The Broker Offer is subject to Shareholder approval for the issue of the Broker Options. If Shareholder approval is not obtained for the Broker Offer then the Company will pay to the Underwriters an amount equivalent to the value of the Broker Options that would have been issued to the Underwriters.

2.11 Opening and Closing Dates

The Entitlement Offer, Shortfall Offer and Broker Offer will be open for receipt of acceptances on the date the Company announces to ASX that despatch of this Prospectus to Eligible Shareholders has occurred.

The Entitlement Offer and Broker Offer will remain open until 5pm (Perth time) on Wednesday, 1 May 2019.

The Shortfall Offer will remain open for up to three months after the Entitlement Offer Closing Date.

The Top-Up Placement (if it proceeds) will be open for receipt of acceptances on Thursday, 9 May 2019 and remain open until 5pm (Perth time) on 17 May 2019.

The Company, in consultation with the Underwriters, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary these dates without prior notice, including to extend a Closing Date, or to accept late Applications, or to delay or withdraw the Offers. If an Offer is withdrawn, all application monies for Securities under that Offer which have not been issued will be refunded (without interest) as soon as practicable.

2.12 Entitlements not taken up and Ineligible Shareholders

If you are an Eligible Shareholder and you do not wish to take up your Entitlement, do nothing. If you do nothing, or if you are an Ineligible Shareholder, the New Shares representing your Entitlement will form part of the Shortfall.

Eligible Shareholders who do not take up their Entitlements in full, and Ineligible Shareholders, will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in the Company after implementation of the Entitlement Offer.

2.13 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Gascoyne Resources Limited**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s Share Registry at the addresses below no later than 5:00pm Perth time on the Closing Date.

Mailing address	Hand delivery address
PO Box 1156 Nedlands WA 6909	Advanced Share Registry Limited 110 Stirling Highway, Nedlands WA 6009

2.14 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies; and
- (c) if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Perth time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times

with regards to electronic payment and you should therefore take this into consideration when making payment.

No interest will be paid on any application monies received or refunded.

2.15 Non-renounceable offer

The Entitlement Offer is non-renounceable. Accordingly, Eligible Shareholders may not sell or transfer all or part of their Entitlement.

2.16 Effect on control of the Company

The Entitlement Offer is underwritten by the Underwriters to the amount of \$20.6 million. Refer to Section 6.4 for details of the terms of the underwriting.

None of the Underwriters are presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. The Underwriters are not a related party of the Company for the purpose of the Corporations Act.

The Underwriters have entered into a number of sub-underwriting agreements with various institutional investors in respect of the sub-underwritten New Shares under the Entitlement Offer, including Delphi and CBA. The maximum potential increase in voting power to Delphi and CBA as a result of its sub-underwriting arrangement is set out below:

Sub-underwriter	Sub-underwritten shares	Sub-underwritten value	Current voting power	Voting power post Entitlement Offer and Placement
Delphi	160,000,000	\$8 million	8.55% ¹	19.90%
CBA	46,000,000	\$2.3 million	6.79% ²	8.58%

Notes:

1. Assumes Placement has completed and Delphi has been issued 40 million New Shares under the Placement, and includes the votes of Deutsche Balaton AG, which the Company understands is an associate of Delphi.
2. Assumes Placement has completed and CBA has been issued 4 million New Shares under the Placement.

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 58.92% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus, but on the basis of the Placement having completed). Examples of how the dilution may impact Shareholders, assuming no Options have been exercised, are set out in the table below:

Holder	Holding as at Record date	% at Record Date ¹	Entitlements under the Entitlement Offer	Holdings if Entitlement not taken Up	% post Placement and Entitlement Offer
Shareholder 1	100,000,000	16.87%	80,000,000	100,000,000	9.95%
Shareholder 2	50,000,000	8.44%	40,000,000	50,000,000	4.98%
Shareholder 3	10,000,000	1.69%	8,000,000	10,000,000	1.00%
Shareholder 4	5,000,000	0.84%	4,000,000	5,000,000	0.50%

Notes:

1. Assumes that the 77,297,304 New Shares to be issued under the Placement has occurred.
2. The dilutionary effect shown in the table is the maximum percentage on assumption that the Placement has completed and those Entitlements not accepted are placed under the Shortfall Offer, or to Sub-Underwriters or the Underwriters.
3. The table only shows the dilutionary effect of the New Shares being offered under the Entitlement Offer. Further dilution will occur if additional New Shares are issued under the Top-Up Placement.

2.17 Quotation

The Company has applied to ASX for quotation of the New Shares on ASX.

If ASX does not grant Official Quotation of the New Shares offered under an Offer before the expiration of three months after the date of issue of the Prospectus (or such period as varied by ASIC), the Company will not issue any New Shares under the relevant Offer and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The Broker Options will not be quoted.

2.18 Issue

New Shares issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the New Shares under an Offer or payment of refunds pursuant to this Prospectus, all application monies in respect of an Offer will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for New Shares issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

2.19 Overseas Shareholders

Each Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

European Economic Area – Germany and Luxembourg

The information in this document has been prepared on the basis that all offers of Securities will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area, from the requirement to produce a prospectus for offers of securities.

An offer to the public of Securities has not been made, and may not be made, in Germany or Luxembourg except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the relevant Member State:

- (a) to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, **MiFID II**) and the MiFID II Delegated Regulation (EU) 2017/565;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- (c) to any person or entity who has requested to be treated as a professional client in accordance with MiFID II;
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565;

- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)I of the Prospectus Directive) subject to obtaining the prior consent of the Company; or
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities will result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

South Africa

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the *South African Companies Act* and may not be distributed to the public in South Africa.

An entity or institution resident in South Africa may not implement participation in the Offers unless (i) permitted under the *South African Exchange Control Regulations* or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve Bank.

Switzerland

The Entitlements and the Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

This document is personal to the recipient only and not for general circulation in Switzerland.

Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the *Securities and Futures Act*, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the Offers has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the Securities.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to nominees and custodians

Nominees and custodians may not distribute this document (including any Application Form), and may not permit any beneficial Shareholder to participate in the Offers, in any country outside of Australia, New Zealand, Singapore and South Africa except, with the prior consent of the Company, to beneficial Shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.20 Rights attaching to Securities

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4 for further information regarding the rights and liabilities attaching to the Shares. The Broker Options offered under this Prospectus will have the rights and liabilities set out in Section 4.2.

3 Purpose and effect of the Offers

3.1 Purpose of the Offers

The purpose of the Entitlement Offer is to raise approximately \$20.6 million (before costs). The Entitlement Offer, together with the Placement, will raise approximately \$24.5 million (before costs).

The funds raised from the Entitlement Offer and Placement are planned to be used in accordance with the table set out below:

Use of funds	Full subscription (\$)	% of proceeds
Ongoing working capital ¹	14,900,000	61%
Payment of an amount owed to NRW ²	7,200,000	29%
Expenses of the Entitlement Offer and Placement ³	2,400,000	10%
Total	24,500,000	100%

Notes:

- 1 The funds raised will be used in conjunction with existing cash reserves, forecast cash inflows from gold sales and other receivables, for general corporate, operating and capital expenditures, state government royalties, scheduled debt repayments (including principal repayments, interest and fees), exploration expenditures and other outflows required to carry out the Group's objectives.
- 2 This amount relates to an outstanding invoice payable to NRW under the open pit mining contract in place with NRW for the Group's Dalgaranga project. Payment of this outstanding invoice will normalise the Group's payables position.
- 3 Refer to Section 6.8 for further details relating to the estimated costs of the Entitlement Offer.

Top-Up Placement

If the Company decides to proceed with the Top-Up Placement, the Company will issue up to a further 61,837,843 New Shares at an issue price of \$0.05 (the same issue price as the Entitlement Offer) to raise up to approximately a further \$3 million (**Top-Up Placement**). Assuming the full amount is raised under the Top-Up Placement, the additional funds are planned to be used in accordance with the table below:

Use of funds	Full subscription (\$)	% of proceeds
Additional working capital	2,750,000	92%
Expenses of the Top-Up Placement	250,000	8%
Total	3,000,000	100%

The above tables are a statement of current intentions as of the date of this Prospectus. As with any budget, new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Broker Offer

No funds will be raised from the issue of the Broker Options unless they are exercised.

3.2 Effect of the Offers

The principal effect of the Offers and the Placement, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$22.1 million (after deducting the estimated expenses of the Entitlement Offer and Placement) immediately after completion of the Entitlement Offer, with \$7.2 million to be applied to reducing trade and other payables. If the Top-Up Placement proceeds, and the maximum amount is raised (being approximately \$3 million, then cash reserves will increase by a further \$2.75 million (after deducting the estimated expenses of the Top-Up Placement);
- (b) increase the number of Shares on issue from 515,315,362 as at the date of this Prospectus to 1,004,864,955 Shares following completion of the Entitlement Offer and Placement. If the Top-Up Placement proceeds, and the maximum number of New Shares are issued under the Top-Up Placement (being 61,837,843 New Shares), then the total number of Shares following completion of the Offers will be 1,066,702,798.

If any of the Company's Options are exercised before the Record Date, the shares issued on such exercise will be eligible to participate in the Entitlement Offer.

Accordingly, the total issued capital of the Company following the Entitlement Offer (assuming it is fully subscribed) may be more than the number shown in this Section 3.2 above.

The summary above does not take into account the Options issued under the Broker Offer, as their issue is subject to shareholder approval. If the Broker Options are issued, they have the potential to further dilute the interests of Eligible Shareholders if they are exercised.

3.3 Pro-forma balance sheet

The reviewed consolidated balance sheet as at 31 December 2018 and the unaudited and unreviewed balance sheet and unaudited and unreviewed pro-forma consolidated balance sheet as at 28 February 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma consolidated balance sheet has been prepared, assuming:

- (a) issue of 489,549,593 New Shares under the Placement and Entitlement Offer at \$0.05 per Share to raise gross proceeds of approximately \$24.5 million;
- (b) no Options are exercised prior to the Record Date;
- (c) the estimated cost of the Placement and Entitlement Offer being approximately \$2.4 million (excluding GST);
- (d) the Top-Up Placement is not undertaken;
- (e) The facility adjustments reflect the estimated impact on unaudited February balances of the revised terms, including the revised repayment schedules, for the Project Finance Facility and the NRW Facility executed in March; and
- (f) other interim material adjustments are taken into account for the period between 31 December 2018 and the date of this Prospectus.

The pro-forma consolidated balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro-forma balance sheet

	<i>Reviewed</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	Balance as at 31 Dec 18	Balance as at 28 Feb 19	Borrowings Adjustments	Capital Raising	Pro-forma Balance Sheet at 28 Feb 19
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	15,730	8,198	-	14,900	23,098
Trade and other receivables	2,388	2,313	-	-	2,313
Inventories	11,247	6,759	-	-	6,759
Derivative financial instruments	-	593	-	-	593
Total current assets	29,365	17,863	-	14,900	32,763
Non-current assets					
Derivative financial instruments	170	715	-	-	715
Property, plant and equipment	141,989	149,429	-	-	149,429
Exploration and evaluation expenditure	28,510	28,851	-	-	28,851
Other financial assets	159	409	-	-	409
Deferred tax asset	11,661	11,661	-	-	11,661
Total non-current assets	182,489	191,065	-	-	191,065
Total assets	211,854	208,928	-	14,900	223,828
Liabilities					
Current liabilities					
Trade and other payables	30,550	21,490	-	(7,200)	14,290
Borrowings	25,787	36,268	(27,255)	-	9,013
Derivative financial instruments	16	-	-	-	-
Provisions	3,024	2,043	-	-	2,043
Total current liabilities	59,377	59,801	(27,255)	(7,200)	25,346
Non-current liabilities					
Borrowings	44,466	44,393	27,255	-	71,648
Provisions	15,343	15,419	-	-	15,419
Total non-current liabilities	59,809	59,812	27,255	-	87,067
Total liabilities	119,186	119,613	-	(7,200)	112,413
Net assets	92,668	89,315	-	22,100	111,415
Equity					
Share capital	149,037	149,037	-	22,100	171,137
Non-controlling interest	1,103	1,103	-	-	1,103
Reserves	835	867	-	-	867
Accumulated losses	(58,307)	(61,692)	-	-	(61,692)
Total equity	92,668	89,315	-	22,100	111,415

3.4 Effect on capital structure

The effect of the Entitlement Offer on the capital structure of the Company, assuming the Placement completes and all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

Shares	Number
Shares currently on issue	515,315,362
New Shares to be issued pursuant to the Placement	77,297,304
New Shares offered pursuant to the Entitlement Offer	412,252,289
Total Shares on issue after completion of the Entitlement Offer and Placement	1,004,864,955

Notes:

If the Top-Up Placement proceeds, and the maximum number of New Shares are issued under the Top-Up Placement (being 61,837,843), then the total number of Shares following completion of the Top-Up Placement (assuming the Placement completes and all Entitlements are accepted under the Entitlement Offer and no Options are exercised prior to the Record Date) will be 1,066,702,798 Shares.

Options

	Number
Options currently on issue:	11,650,000
7,850,000 unquoted Options exercisable at \$0.55 on or before 16 December, 2019 3,800,000 unquoted Options exercisable at \$0.40 on or before 7 October, 2021	
Broker Options to be issued under the Broker Offer ¹	up to 6,000,000
Total Options on issue after completion of the Offers	17,650,000

Notes:

1. The Broker Offer is subject to Shareholder approval for the issue of the Broker Options.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 526,965,362 Shares and on completion of the Entitlement Offer (assuming the Placement completes and all Entitlements are accepted under the Entitlement Offer and the maximum number of Broker Options are issued) would be 1,022,514,955 Shares. If the Top-Up Placement proceeds, and the maximum number of New Shares are issued under the Top-Up Placement (being 61,837,843 New Shares), then the capital structure on a fully diluted basis on completion of the Top-Up Placement (assuming the Placement completes and all Entitlements are accepted and the maximum number of Broker Options are issued) would be 1,084,352,798 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Commonwealth Bank of Australia and its related bodies corporate (CBA) ²	36,213,628	7.03%
LIM Advisers Limited	46,234,376	8.97%

Notes:

1. These figures are obtained from the latest substantial holder notices lodged with the Company as at the date of this Prospectus.
2. Related bodies corporate include Avanteous Investments Limited, Colonial First State Asset Management (Australia) Limited, Citicorp Nominees Pty Limited (Australia) and Colonial First State Investments Limited (as per substantial holder notice lodged with the Company on 19 December 2018).

In the event all Entitlements are accepted in full there will be no change to the substantial holders on completion of the Entitlement Offer. However, Delphi and CBA's holdings and the holdings of other Shareholders may change as a result of their participation in the Placement, Shortfall Offer and the sub-underwriting arrangements in relation to the Entitlement Offer, as set out in Section 2.16.

4 Rights and liabilities attaching to Securities

4.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares (including to New Shares being offered pursuant to this Prospectus). This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

(c) **Dividend rights**

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan under which any member may elect that the dividends payable by the Company be reinvested by a subscription for securities.

(d) **Winding-up**

If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided amongst the Company's members in proportion to the number of Shares held by them. The amount unpaid on Shares held by a member is to be deducted from the amount that would otherwise be distributed to that member.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(f) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without

affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) **Variation of class rights**

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- (1) with the consent in writing of the holders of 75% of the issued shares included in that class; or
- (2) by a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

(h) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Broker Options

The following is a summary of the more significant rights and liabilities attaching to the Broker Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Options to be issued (subject to Shareholder approval) to the Underwriters under the Broker Offer:

(a) **Entitlement**

Each Broker Option entitles the holder to subscribe for one Share upon the exercise of the Broker Option.

(b) **Exercise Price**

The amount payable upon exercise of each Broker Option will be \$0.07 per Broker Option.

(c) **Expiry Date**

Each Broker Option will expire on that date which is three years after the date that the Broker Option was issued (**Expiry Date**). A Broker Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Date**

The Broker Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Quotation**

The Broker Options will not be quoted. However, the Company will be required to apply for quotation of any Shares issued on exercise of the Broker Options.

(f) **Shares issued on exercise**

Shares issued on exercise of the Broker Options will rank equally with then issued Shares in the Company.

(g) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of Broker Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Broker Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options and unless Shares have been allotted in respect of the Broker Option before the record date for determining entitlements to the issue.

(i) **Bonus issue**

If, from time to time, before the expiry of the Broker Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which a Broker Option is exercisable will be increased by the number of Shares which the holder would have received if the Broker Option had been exercised before the record date for the Bonus Issue.

(j) **Change in Exercise Price**

There will be no change to the Exercise Price of a Broker Option or the number of Shares over which a Broker Option is exercisable if the Company makes a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).

(k) **Voting**

Holders of Broker Options will have no voting rights until the Broker Options are exercised and Shares issued upon exercise of those Broker Options in accordance with the ASX Listing Rules.

(l) **Transferability**

While the Broker Options will not be quoted on ASX, the Broker Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5 Risk factors

5.1 Introduction

Potential Applicants should consider the specific and general risk factors described below, together with information contained elsewhere in this Prospectus and consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

(a) **Commodity prices**

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold prices and the AUD / USD exchange rate.

These prices can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of the Company. These factors include world demand for precious and other metals, forward selling by producers, and production cost levels in major metal-producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. These factors can affect the value of the Company's assets and the supply and demand characteristics of gold, and may have an adverse effect on the viability of the Company's production, exploration, development activities, its ability to fund those activities and the value of its assets.

Future production from the Company's mining operations will be dependent upon the AUD gold price being sufficient to make these operations economic. The risks associated with commodity price volatility may be minimised by any hedging the company undertakes. The Company has hedging in place for 143,404 ounces at an average flat forward price of \$1,714 over the period to June 2022.

(b) **Compliance with Finance Facility Terms**

The Company has project financing facilities with an aggregate limit of \$60 million with National Australia Bank and Commonwealth Bank of Australia (the **Project Financiers**) as part of the funding package for the Dalgaranga Project. Under these debt facilities the Project Financiers have security over the Company's assets and a parent company guarantee. The Company has recently executed an amendment and waiver letter with the Project Financiers which restructures the next four quarterly repayments (beginning March 2019) to \$1 million per quarter plus interest and fees and grants the waiver of certain covenants until March 2020. If quarterly gold production starting from the June 2019 quarter falls below a minimum agreed threshold the Project Financiers and the Company will consult to understand the variance and the planned

actions to address. However, the failure of the Company to comply with the revised arrangements could lead to the amounts outstanding under the finance facility becoming immediately repayable and failing repayment, the Project Financiers enforcing their security. If the project outperforms and appropriate working capital has been accumulated, a percentage of excess cash flow generated by the project will be used to make a repayment. In December 2019, the Project Financiers will be provided with a revised Life of Mine Plan (**LOMP**) in accordance with the Company's normal business planning cycle and, subject to approval of the LOMP by all Project Financiers, the Project Financiers and the Company have agreed to re-sculpt debt repayments from 2020 onwards based on LOMP cash flows.

The Company has a working capital facility with an aggregate limit of \$12 million with mining contractor NRW. Under this facility NRW has second ranking security over the Company's assets. NRW has recently agreed to extend repayment of this facility by six months, with repayments now due to commence in January 2020. The failure of the Company to comply with the revised arrangements could lead to the amounts outstanding under the finance facility becoming immediately repayable and failing repayment, NRW enforcing their security.

(c) **Ore Reserve and Mineral Resource Estimate**

Ore Reserve and Mineral Resource estimates are prepared in accordance with the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As the Company obtains new information through additional drilling and analysis, Ore Reserve and Mineral Resource estimates are likely to change. This may result in alterations to the Company's exploration, development and production plans which may, in turn, positively or negatively affect the Company's operations and financial position.

In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Commodity price fluctuations as well as production costs or reduced throughput and/or recovery rates may materially affect the estimates.

(d) **Tenure of tenements**

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the *Mining Act 1978* (WA) and the Company has an obligation to meet conditions that apply to the Company's tenements, including the payment of rent and prescribed annual expenditure commitments. The tenements held by the Company are subject to annual review and periodic renewal.

There are no guarantees that the Company's tenements that are subject to renewal will be renewed or that any applications for exemption from minimum expenditure conditions will be granted, each of which would adversely affect the standing of a tenement. A number of the tenements may be subject to additional conditions, penalties, objections or forfeiture applications in the future. Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. Any of these events could have a materially adverse effect on the Company's prospects and the value of its assets.

(e) **Grant of future authorisations to explore and mine**

The Company currently holds all material authorisations required to undertake its mining operations and exploration programs. However, many of the mineral

rights and interests held by the Company are subject to the need for ongoing or new government approvals, licences and permits as the scope of the Company's operations change. The granting and renewal of such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable Government agencies or officials.

If the Company pursues development of an economically viable mineral deposit, it will, among other things, require various approvals, permits and licences before it will be able to mine the deposit, and need to satisfy certain environmental approval processes. There is no guarantee that that Company will be able to obtain, or obtain in a timely fashion, all required approvals, licences or permits or satisfy all environmental approval processes. To the extent that required authorisations are not obtained or are delayed, the Company's operations may be significantly impacted.

(f) **Exploration and development**

The Company intends to continue with exploration and development programs on the Company's tenements that comprise the Dalgara Project and Glenburgh Project. In the event that the planned drilling programs produce poorer than expected results, the value of the Company's assets and the viability of the Company's future operations may be significantly diminished.

The Company's tenements are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high risk enterprises that only occasionally provide high rewards. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the inherent risk associated with exploring prospective tenements.

There can be no assurance that exploration of the Company's tenements (or any other tenements that may be acquired in the future), will result in the development of an economically viable deposit of gold or other minerals. In addition to the high average costs of discovery of an economic deposit, factors such as demand for commodities, fluctuating gold prices and exchange rates, limitations on activities due to weather, difficulties encountered with geological structures and technical issues, labour disruptions, problems obtaining project finance, share price movements that affect access to new capital, counterparty risks on contracts, proximity to infrastructure (given the size of the area covered by the tenements), changing government regulation (including with regard to taxes, royalties, the export of minerals, employment and environmental protection), native title issues and equipment shortages can all affect the ability of a company to profit from any future development opportunity.

If a viable mineral deposit(s) is to be developed, the Company will need to apply for a range of environmental and development authorisations which may or may not be granted on satisfactory terms. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably mined.

The discovery of mineral deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable mineral deposit(s) is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant new infrastructure.

(g) **Native title and cultural heritage**

The effect of the present laws in respect of native title that apply in Australia is that the Company's tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining

tenements or the ability of the Company to explore, develop and/or commercialise the resources on the Company's tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation arrangements reached in settling native title claims lodged over any of the tenements held or acquired by the Company.

The presence of Aboriginal sacred sites and cultural heritage artefacts on the Company's tenements is protected by State and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and Court injunctions, which may adversely impact on exploration and mining activities. The Company will conduct surveys before conducting exploration work which could disturb the surface of the land. The Company's tenements currently contain, and may contain additional, sites of cultural significance which will need to be avoided during field programs and any resulting mining operations. The existence of such sites may limit or preclude future exploration or mining activities on those sites and delays and expenses may be experienced in obtaining clearances.

(h) **Mining Risks**

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. This is particularly so where new technologies are employed. Each ore body is unique. The nature of mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire ore body. The Company's operations have recently experienced reconciliation to Ore Reserve and Mineral Resource models significantly below expectations which has impacted the ore tonnes available for milling, the milled grades and resultant recovered ounces. Whilst the Company has and continues to allocate significant internal and external resources to improve reconciliation to Ore Reserves and Mineral Resources, there is no guarantee that improvement will be achieved. Failure to improve reconciliation to Ore Reserves and Mineral Resources could result in lower returns from the Company's operations than expected or could result in the Company's operations not being economically viable. This could impact the Company's financial performance and position.

(i) **Operational risk**

The Company's mining, exploration and development activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of labour, consumables, spare parts, plant and equipment, external services failure (including energy and water supply), industrial disputes and action, difficulties in commissioning, ramp up and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the mining, exploration and development of mineral properties such as unusual or unexpected geological formations, difficulties and/or delays associated with groundwater and dewatering of existing pits may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(j) **Geotechnical Risk**

Geotechnical risk arises from the movement of the ground during and following mining activity. This may result in temporary or permanent access to a mine being restricted or cut off. The loss of access may have a significant impact on the economics of the ore body or delay the delivery of ore to the processing plant. Additionally, significant additional costs may result from designing and constructing alternative access to open pits or mining locations, or by requiring remediation of mining locations, which will also impact the economics of the mining operation, potentially making the mine uneconomic. Assessment of the extent and magnitude of ground movements that could take place or that have taken place within the mine and surrounding areas will be evaluated by the Company.

(k) **Royalties**

Each gold mining project operated by the Company will be subject to Western Australian royalties. If State royalties rise, the profitability and commercial viability of the Company's projects may be negatively impacted.

(l) **Environment**

The operations and proposed activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. If such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.

As with most mining operations and exploration projects, the Company's activities are expected to have an impact on the environment, particularly as advanced exploration and mine development proceeds. Mining projects have statutory rehabilitation obligations that the Company will need to comply with in the future and which may be material. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

Further, the Company may require approval from relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals could prevent the Company from undertaking its desired activities.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of development of the Company's projects, and consequently the value of those projects, and the value of the Company's assets. Further there can be no assurances that any future environmental laws, regulations or stricter enforcement policies will not have a material affect on the viability of development of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

(m) **Dependence on key personnel**

The Company is dependent on the experience of its Directors and Executive Team. Whilst the Board has sought to and will continue to ensure that the

Executive Team and any key employees are appropriately incentivised, their services cannot be guaranteed. The loss of any of the Directors', senior management's or key employees' services to the Company may have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

As the Company grows, it will need to employ and retain appropriately motivated, skilled and experienced staff. The Company is also currently running a process to recruit a new Managing Director and Chairperson. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of the Company.

(n) Dependence on external contractors

The Company has outsourced substantial parts of its mining and exploration activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's production and operations.

(o) Potential for Significant Dilution

Upon implementation of the Offers, the company will issue Shares and Options as set out in this Prospectus. The issue of Shares and Options will dilute the interests of existing shareholders to differing extents depending on individual shareholders take up of their rights entitlement. There is also a risk that shareholders will be further diluted as a result of future capital raisings required in order to fund the Company's activities. It is not possible to predict what the value of the Company's Shares will be following completion of the Offers being contemplated and the Directors do not make any representation as to such matters. The last trading price of shares on the ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

(p) Future Capital Requirements

Whilst the Offers are expected to leave the Company well positioned, the Company may require further financing to continue to operate in the future if for example it fails to meet its mining schedule or there is otherwise a material departure from the Company's stated production or cost guidance. Any additional equity financing that the Company may undertake in the future may dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operation activities.

There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.

(q) Potential Mergers and Acquisitions

As part of its business strategy, the Company may make acquisitions or divestments of, or significant investments in, companies, products, technologies or resource projects. Any such future transactions would be accompanied by

the risks commonly encountered in making acquisitions or divestments of companies, products, technologies or resource projects. The Company received a number of unsolicited approaches towards the end of 2018 which led to a targeted process to investigate strategic equity pathways for the Company. Whilst some discussions remain open, no proposals have been received that the Company considers would be attractive to, or in the best interests of, shareholders. The Company remains open to further discussions and will review any proposals that are received. There is no guarantee that any proposals will be received that the Company considers will provide acceptable shareholder value.

(r) **Going concern**

The Company's interim financial report for the half year ended 31 December 2018 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

However, it includes a note at page 14 regarding the basis of preparation of its financial statements on a going concern basis, despite its net current liability position. The report states that:

"The interim financial statements for the half-year ended 31 December 2018 have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2018 the Group recorded a net loss after tax of \$47,223,517, operating cash flows of \$5,645,826 and a deficiency of current assets to current liabilities of \$30,011,834. The deficiency of current assets to current liabilities is principally due to scheduled principal repayments on the Project Finance Facility due within twelve months of the reporting date of \$23,453,234. Subsequent to the reporting date, the Group has renegotiated the repayment schedule with its financiers resulting in a reduction in current liabilities of \$19,453,234. Refer to note 9a) for further details.

The \$12,000,000 working capital facility executed with Dalgaranga mining contractor NRW Pty Ltd on 21 December 2018 was drawn down in January 2019 and utilised to reduce trade and other payables. The facility is scheduled to be repaid in instalments from July to December 2019. Subsequent to the reporting date, the Group has renegotiated the repayment schedule with NRW Pty Ltd from July to December 2019 to January to June 2020.

The Group expects to generate net cash flows from operations from its Dalgaranga Gold Project which is currently ramping up production to commercial levels. The Group also plans to raise equity to provide additional working capital to assist with funding needs through this period.

Based on the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these interim financial statements.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.'

(s) **Exposure to Natural Events**

The Company's operations could be impacted by natural events such as significant rain events and flooding. Such natural events could result in impacts including reduced mining efficiencies, restrictions to or loss of access to open

pits, mining locations or necessary infrastructure, or restrictions to or delays in access to the site for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues which could impact the Company's financial performance and position. Whilst the Company is able to transfer some of these risks to third parties through insurance, many of the associated risks are not able to be insured or in the Company's opinion the cost of transfer is not warranted by the likelihood of occurrence of the risk event.

5.3 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6 Additional information

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (1) the annual financial report most recently lodged by the Company with ASIC;
 - (2) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (1) and before the lodgement of this Prospectus with ASIC; and

- (3) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (1) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
01/04/2019	Appendix 3B
01/04/2019	\$24.4m Placement and Fully Underwritten Entitlement Offer
28/03/2019	Equity Raising Presentation
27/03/2019	Operational and Corporate Update
27/03/2019	Half Year Accounts
19/03/2019	Trading Suspension
08/03/2019	S&P DJI Announces March 2019 Quarterly Rebalance
13/02/2019	Investor Presentation
31/01/2019	December 2018 Quarterly Activities and Cash Flow Report
14/01/2019	Response to Media Article
24/12/2018	Operational Update and 2019 Production Guidance
19/12/2018	Changes in substantial holding
06/12/2018	Release of Restricted Securities
05/12/2018	Changes in substantial holding
03/12/2018	Response to Price and Volume Query

Date	Description of Announcement
28/11/2018	Results of Annual General Meeting
28/11/2018	Annual General Meeting Chair's Address
28/11/2018	Annual General Meeting Presentation
28/11/2018	Dalgaranga Operations & Gilbeys Resource Update
09/11/2018	Change of Directors Interest Notice
31/10/2018	Change of Directors Interest Notice
30/10/2018	Change of Directors Interest Notices x2
29/10/2018	September 2018 Quarterly Activities Cash Flow Report
29/10/2018	Final Director's Interests Notices x2
29/10/2018	Board and Management Changes

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website
<https://www.gascoyneresources.com.au>.

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest	\$0.175	11/01/2019
Lowest	\$0.048	1/04/2019
Last	\$0.050	02/04/2019

6.4 Underwriting Agreement

By an agreement between the Underwriters, Argonaut Securities and the Company dated 29 March 2019 (**Underwriting Agreement**), the Underwriters have agreed to underwrite the Entitlement Offer to \$20,612,614.45 and for 412,252,289 New Shares, except in the event that the issue of the Shortfall to Delphi, as Sub-Underwriter, would result in Delphi acquiring greater than a 19.90% interest in the Company. In this case Delphi's sub-underwriting commitment, together with the amount underwritten by the Underwriters, will be reduced to the extent required to ensure Delphi does not exceed a 19.90% interest in the Company. This reduction is not expected to exceed ~\$0.5 million based on Delphi's existing shareholding in the Company. Further, if Delphi defaults on all or part of its sub-underwriting commitment, the amount to be underwritten by the Underwriters' will be reduced by the amount of Delphi's sub-underwriting commitment that it has defaulted on.

The Placement and Top-Up Placement are not underwritten.

Pursuant to the Underwriting Agreement the Company has agreed to pay:

- (a) the Underwriters a management fee of 1% of the total dollar amount raised under the Placement, Entitlement Offer and Top-Up Placement;
- (b) Hartleys and Argonaut Securities a lead manager fee in respect of the Placement equal to 6% of the total proceeds under the Placement;
- (c) the Underwriters an underwriting fee in relation to the Entitlement Offer equal to 6% of the total proceeds under the Entitlement Offer; and
- (d) the Underwriters a lead manager fee in relation to any Top-Up Placement (if it proceeds) equal to 6% of the total proceeds under the Top-Up Placement.

In addition, the Company has also agreed, subject to Shareholder approval, to issue up to 3,000,000 Broker Options to each of the Underwriters. The exact number of Broker Options to be issued to each Underwriter is dependent on the uptake of the Entitlement Offer and Placement and will be determined in accordance with the following formula:

Number of Broker Options = 3,000,000 multiplied by A/\$24.48 million (where A equals the amount raised under the Placement and the Entitlement Offer).

If Shareholder approval is not obtained for the issue of the Broker Options under the Broker Offer the Company will pay to the Underwriters an amount equivalent to the value of the Broker Options that would have been issued to the Underwriters.

The Underwriters will be responsible for payment of any commissions and other fees agreed to be paid by it to Sub-Underwriters.

The Underwriters and Argonaut Securities are also entitled to be reimbursed for their costs and expenses incurred in relation to the Placement and Offers. Further, pursuant to a mandate agreement entered into between the Underwriters and the Company, to which the Underwriters agreed to act as joint lead managers to the Offers, the Company has agreed to pay the Underwriters a work fee of up to \$370,000 if the Company raises at least \$20,000,000 under the Offers.

The Company and the Underwriters have also agreed that if the Company decides to proceed with the Top-Up Placement, the Company will offer the Underwriters the right (at the Underwriters' election) to act as joint lead managers to the Top-Up Placement following the close of the Entitlement Offer.

The obligations of the Underwriters to underwrite the Entitlement Offer is subject to certain events of termination. An Underwriter may terminate its obligations under the Underwriting Agreement at any time before completion of the Entitlement Offer if:

- (a) **(change in gold price)** the spot "ask" A\$ gold price is, at the close of business on any two consecutive business days after the date the Underwriting

Agreement was executed, or on the trading day before the issue of the New Shares under the Entitlement Offer, is 10% or more below its price at the close of business on the day before the date of the Underwriting Agreement;

- (b) **(index fall)** the S&P/ASX 300 Index is, at the close of business on any two consecutive business days after the date of the Underwriting Agreement, or on the trading day prior to the issue of the New Shares under the Entitlement Offer, 10% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (c) **(Delphi sub-underwriting default)** Delphi defaults on its sub-underwriting commitments and, as a result, the aggregate amount that would be raised under the Placement and Entitlement Offer if the Entitlement Offer proceeded to settlement would be less than \$20 million;
- (d) **(Minimum subscription condition)** the Company does not raise at least \$20 million under the Placement and Entitlement Offer, other than as a result of the Underwriters failing to comply with their underwriting commitments;
- (e) **(Debt Facility)** a Debt Facility is breached by any relevant member of the Group or it is revoked, rescinded, avoided, amended (including by way of any standstill arrangements) or replaced in any way, the lender under a Debt Facility seeks to enforce any security granted in connection with, or accelerate or otherwise require repayment of any amounts under, a Debt Facility or an event of default or potential event of default (however defined) occurs under a Debt Facility;
- (f) **(Prospectus)** the Entitlement Offer is withdrawn by the Company;
- (g) ***(breach of material contracts)** any contract described in this Prospectus (other than the Underwriting Agreement) is breached, not complied with according to its terms, terminated or substantially modified other than as disclosed in this Prospectus;
- (h) ***(board and senior management composition)** there is a change in the composition of the board or a change in the senior management of the Company before the issue of the New Shares under the Entitlement Offer without the prior written consent of the Underwriters (which consent is not to be unreasonably withheld) except as announced to ASX or fully and fairly disclosed to the Underwriters prior to the date of the Underwriting Agreement;
- (i) ***(change in shareholdings)** other than as a result of the Placement or the Entitlement Offer there is a change in the major or controlling shareholdings of a member of the Group or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a member of the Group;
- (j) ***(market conditions)** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, commercial banking activities or political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or any other international financial market;
- (k) **(Offer Materials)** a statement contained in any presentations, announcements, correspondence or offer documents in connection with the Placement or Entitlement Offer or in any public information made available by the Company on or after the lodgement of the Prospectus **(Offer Materials)** is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Offer Materials omit any information they are required to contain (having regard to sections 711, 713 and 716 of the Corporations Act and any other applicable requirements);

- (l) **(forward-looking statements)** there are no reasonable grounds in accordance with section 728(2) of the Corporations Act for the making of any statement in the Offer Materials relating to future matters;
- (m) **(listing)** ASX announces or informs the Company that the Company will be removed from the official list or that Shares will be delisted or suspended from quotation by ASX for any reason;
- (n) **(notification)** any of the following notifications are made:
 - (1) an application is made under Part 9.5 of the Corporations Act; or
 - (2) ASIC or any other government agency commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Placement, Entitlement Offer, Top-Up Placement or any of the Offer Materials or gives notice of an intention to prosecute or commence proceedings against the Company,
 and those applications or notices are not withdrawn;
- (o) ***(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked, or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters;
- (p) **(quotation)** ASX announces or informs the Company that unconditional approval (or approval subject to customary listing conditions) by the ASX for official quotation of the New Shares under the Entitlement Offer will be refused, or not granted by the allotment date for those New Shares or, if granted, such approval is withdrawn on or before that date;
- (q) **(unable to issue New Shares)** the Company is prevented from allotting and issuing the New Shares under the Placement, Entitlement Offer or the Top-Up Placement or from issuing the Broker Options in accordance with the Underwriting Agreement and the timetable for the Placement and Offers;
- (r) ***(hostilities)** there is an outbreak of hostilities or terrorist act involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, the People's Republic of China, Indonesia, India, Pakistan, Russia, Israel, any member of the European Union, the Democratic People's Republic of Korea, the Republic of Korea or Japan;
- (s) ***(Timetable)**
 - (1) any event specified in the timetable for the Offers is delayed by the Company for more than two business days without the prior written consent of the Underwriters; or
 - (2) the date for allotment of the New Shares under the Entitlement Offer is delayed by the Company without the prior written consent of the Underwriters;
- (t) **(ASIC or ASX action)** the Entitlement Offer or Placement is prevented from proceeding (without amendment on terms acceptable to the Underwriters) by reason of:
 - (1) or in accordance with, the ASX Listing Rules, the Corporations Act or any other applicable laws;
 - (2) an order made by ASIC, ASX, any other government agency or a court of competent jurisdiction; or
 - (3) an investigation proceedings initiated by either ASIC or ASX into the conduct of the Company;
- (u) **(withdrawal of consent)** any:

- (1) person (other than the Underwriters) who has previously consented to the inclusion of its, his or her name in the Prospectus or any supplementary prospectus or to be named in the Prospectus or any supplementary prospectus, withdraws that consent; or
 - (2) accounting or legal adviser to the Company refuses to give its consent or having previously consented to be named in the Prospectus, withdraws that consent;
- (v) **(supplementary prospectus):**
 - (1) the Underwriters form the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriters may reasonably require; or
 - (2) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriters;
- (w) **(Certificate)** any certificate which is required to be delivered by the Company under the Underwriting Agreement is not delivered when required or is *untrue, incorrect or misleading in a material respect;
- (x) **(suspension of debt payments)** except as fully and fairly disclosed to the Underwriters prior to the date of the Underwriting Agreement, the Company suspends payment of its debts generally;
- (y) **(insolvency)** the Company enters into any one of a number of states of insolvency;
- (z) ***(judgment against the Company)** a judgment in an amount exceeding \$150,000 is obtained against the Company and is not set aside or satisfied within 7 days;
- (aa) **(ASIC Modifications and ASX Waivers)** approval for any ASIC modifications or ASX waivers is subsequently withdrawn, or is varied in a way that in the reasonable opinion of an Underwriter, would have a material adverse effect on the success of the Placement or Entitlement Offer;
- (bb) **(conduct)** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Placement or the Entitlement Offer;
- (cc) ***(Director):**
 - (1) a director or senior manager of any member of the Group (in that capacity) is charged with an indictable offence, or any government agency or regulatory body commences any public action against a director or senior manager of any member of the Group (in that capacity) or announces that it intends to take any such action; or
 - (2) a director of any member of the Group is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F, or 206G of the Corporations Act;
- (dd) **(adverse change)** in the reasonable opinion of an Underwriter, there is a matter, event or circumstance which could reasonably be considered likely to give rise to a material adverse change in the financial position or performance of the Company or have a material adverse effect on the marketing, settlement or outcome of the Placement or the Entitlement Offer, excluding:
 - (1) changes in the gold price;

- (2) changes in general economic, political or financial market conditions; and
- (3) changes in conditions generally affecting the industry or industries in which the Company operates;
- (ee) ***(litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company, except to the extent previously disclosed;
- (ff) ***(breach of obligations)** the Company is in breach of any terms and conditions of the Underwriting Agreement;
- (gg) ***(breach of representations)** any of the representations or warranties made or given by the Company under the Underwriting Agreement is or becomes incorrect, untrue or misleading;
- (hh) ***(information supplied to Underwriters)** the information supplied by or on behalf of the Company to an Underwriter including as part of the due diligence program undertaken for the Offers, or as a result of ongoing due diligence investigations are, in the reasonable opinion of an Underwriter, false, misleading or deceptive (including by omission);
- (ii) ***(change in law)** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (other than a law or policy which has been announced prior to the date of the Underwriting Agreement);
- (jj) ***(investigation)** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (kk) ***(capital structure)** the Company alters its capital structure in any manner not contemplated by the Prospectus or as announced by the Company on or before the date of the Underwriting Agreement;
- (ll) **(certain resolutions passed)** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters;
- (mm) ***(force majeure)** a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (nn) ***(Prescribed Occurrence)** any of the events listed in section 652C(1)(a) to (h) of the Corporations Act occur;
- (oo) ***(contravention of law)** a contravention by a member of the Group of the Corporations Act, its constitution, any of the ASX Listing Rules, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any government agency;
- (pp) **(compliance)** any aspect of the Placement or the Entitlement Offer, including the Prospectus or the underwriting and any sub-underwriting of the Entitlement Offer, does not comply with the Corporations Act, the Listing Rules, any ASIC modifications or any ASX waivers or any other applicable law or regulation, or requires an approval or other authorisation that has not been obtained at the date of this document.

The termination events marked with an * are qualified and require an Underwriter to hold the reasonable opinion that the event:

- (a) has had, or could be expected to have, individually or in aggregate a material adverse effect on:
 - (1) the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of a member of the Group either individually or taken as a whole; or
 - (2) the success or outcome of the Entitlement Offer, the market price of New Shares under the Entitlement Offer or the Shares or the ability of that Underwriter to market, promote or settle the Entitlement Offer (including matters likely to have an effect on a decision of an investor to invest in New Shares under the Entitlement Offer or Shares); or
- (b) leads to:
 - (1) a material liability for that Underwriter (when assessed in the context of the fees payable to that Underwriter under this document); or
 - (2) the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this type.

6.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (1) the formation or promotion of the Company; or
 - (2) the Offers.

Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement
Sally-Anne Layman	700,000	Nil.	560,000

Ian Kerr	Nil.	1,500,000	Nil
Rodney Michael Joyce	11,333,939	Nil.	9,067,151
Simon Mark Le Messurier	110,000	Nil.	88,000

The Directors who hold Shares in the Company will be taking up approximately \$250,000 of their Entitlements (in aggregate) under the Entitlement Offer.

Remuneration

Please refer to the Remuneration Report, which is contained on pages 30 to 36 of the Company's Annual Report for the financial year ended 30 June 2018, for full details of the remuneration of the Company's executive and non-executive Directors, and the Company's subsequent announcement in relation to board and management changes on 29 October 2018.

The Annual Report was lodged with ASX on 25 October 2018 and is available on the Company's investor reports page at <https://www.gascoyneresources.com.au/wp-content/uploads/2018/10/181025-Annual-Report-to-shareholders.pdf>. A hard copy of the Annual Report is also available free of charge by contacting the Company at its registered address using the details in section 9 of this Prospectus.

6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriters (but not a sub-underwriters) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or

(b) the Offers.

Hartleys has agreed to act as joint lead manager of the Placement and underwriter of the Entitlement Offer and will receive the fees as described in Section 6.4. Hartleys has been paid fees of \$2,759,980 in the 2 years preceding the date of this Prospectus, of which \$1,470,219 was paid to Argonaut and Argonaut Securities as per the below.

Argonaut Securities has agreed to act as joint lead manager of the Placement and Argonaut has agreed to act as underwriter of the Entitlement Offer and will receive the fees as described in Section 6.4(b). Argonaut and Argonaut Securities has been paid fees of \$1,470,219 in the 2 years preceding lodgement of this Prospectus.

Herbert Smith Freehills has acted as the solicitors to the Company in relation to the Offers (excluding in relation to taxation and stamp duty matters). The Company estimates it will pay Herbert Smith Freehills \$145,000 (excluding GST and disbursements) for these services.

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the New Shares), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Hartleys:

- does not make or offer the Offers;
- has not authorised, and has not caused, the issue of this Prospectus;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus; and
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as joint lead manager to the Placement and Underwriter to the Entitlement Offer in the form and context in which it is named.

Argonaut has given its written consent to being named as Underwriter to the Entitlement Offer in this Prospectus, in the form and context in which it is named. Argonaut has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Argonaut Securities has given its written consent to being named as joint lead manager to the Placement in this Prospectus, in the form and context in which it is named. Argonaut Securities has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Advanced Share Registry has given its written consent to being named as the Company's Share Registry in this Prospectus, in the form and context in which it is named. Advanced Share Registry has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Herbert Smith Freehills has given its written consent to being named as the solicitors to the Company in relation to the Offers (excluding in relation to taxation and stamp duty matters) in the form and context in which it is named. Herbert Smith Freehills has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Herbert Smith Freehills has not made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated in this paragraph above. Herbert Smith Freehills expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given in this paragraph above.

6.8 Expenses of the Offers

If all Entitlements are accepted, the total expenses of the Entitlement Offer and Placement are estimated to be approximately \$2,400,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Expenses	\$
Underwriting and manager fees ¹	2,075,000
Legal fees	145,000
ASIC / Other	180,000
Total	2,400,000

1 Refer to Section 6.4 for details of fees payable to the Underwriters.

If the Top-Up Placement is undertaken, and assuming the maximum number of New Shares are issued under the Top-Up Placement, the additional expenses of the Top-Up Placement are estimated to be approximately \$250,000 (excluding GST) comprising principally the Underwriters' fees in relation to the Top-Up Placement (refer to Section 6.4 for details of fees payable to the Underwriters).

6.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder

Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

6.10 Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your Application.

7 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Rodney Michael Joyce
Non-Executive Director
For and on behalf of
Gascoyne Resources Limited

8 Glossary

Term	Meaning
\$	the lawful currency of the Commonwealth of Australia.
Additional Shares	New Shares applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's Entitlement.
Applicant	a person who submits a valid Application Form under this Prospectus.
Application	the lodgement of a valid Application Form.
Application Form	the Entitlement and Acceptance Form, the Broker Offer Application Form and the Top-Up Placement Application Form (as applicable).
Argonaut	Argonaut Capital Limited ABN 18 099 761 547.
Argonaut Securities	Argonaut Securities Pty Ltd ACN 108 330 650.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.
ASX Listing Rules	the listing rules of the ASX.
ASX Settlement Operating Rules	the settlement rules of the securities clearing house which operates CHESS.
Bank Facility	the Company's \$60,000,000 facility with National Australia Bank Limited and the Commonwealth Bank.
Board	the board of Directors unless the context indicates otherwise.
Broker Offer	the offer of Broker Options to be issued to the Underwriters under this Prospectus in accordance with the Underwriting Agreement, as

Term	Meaning
	described in Section 2.6.
Broker Options	the Options to be issued on the terms set out in Section 4.2.
Broker Offer Application Form	has the meaning given in Section 2.10.
CBA	has the meaning given in Section 3.5.
Closing Date	the closing date of the relevant Offer as specified in the timetable set out at the commencement of this Prospectus (unless extended).
Company	Gascoyne Resources Limited (ACN 139 522 900).
Constitution	the constitution of the Company as at the date of this Prospectus.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Debt Facility	any external debt facility or similar financial accommodation provided to the Company or its subsidiaries, and includes the Bank Facility and the NRW Facility.
Delphi	Delphi Unternehmensberatung AG.
Directors	the directors of the Company as at the date of this Prospectus.
Eligible Shareholder	a Shareholder as at the Record Date with a registered address in Australia, New Zealand, Germany, Hong Kong, Luxembourg, Singapore, South Africa, Switzerland, or the United Kingdom.
Entitlement	the number of New Shares, for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being four New Shares for every existing five Shares held on the Record Date.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form either attached to or accompanying this Prospectus.

Term	Meaning
Entitlement Offer	the non-renounceable entitlement offer the subject of this Prospectus.
Gascoyne	Gascoyne Resources Limited (ACN 139 522 900).
Government Agency	1 a government, whether foreign, domestic, federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or 2 a commission, delegate, instrumentality, agency, board, or other government, semi government, judicial, administrative, monetary or fiscal, or investigative body, department, tribunal, entity or authority, whether statutory or not, and includes any self regulatory organisation established under statute or any securities exchange.
Group	the Company and its subsidiaries.
Hartleys	Hartleys Limited ABN 33 104 195 057.
Herbert Smith Freehills	Herbert Smith Freehills ABN 98 773 882 646.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Insolvency	for any person that is a body corporate, the happening of one or more of the following events: 1 except for the purpose of a solvent reconstruction or amalgamation which has the prior written consent of the Underwriter (not to be unreasonably withheld): • process is filed in a court seeking an order that it be wound up or that a controller be appointed to it or any of its assets, unless the application is withdrawn, struck out or dismissed within 21 days of it being filed; • an order is made that it be wound up or that a controller be appointed to it or any of its assets; or • a resolution that it be wound up is passed or proposed; 2 a liquidator, provisional liquidator, controller or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertaking; 3 an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other steps are taken to appoint an administrator to it; 4 it enters into, or resolves to enter into, an arrangement,

Term	Meaning
	compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any arrangement, compromise or composition; 5 a reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors is proposed or effected or by reason of financial difficulties it begins negotiations with one or more of its creditors with a view to readjustment or rescheduling of any of its indebtedness; 6 any action is taken by ASIC with a view to its deregistration or its dissolution, or an application is made to ASIC that any action be taken; 7 it is insolvent within the meaning of section 95A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law; 8 as a result of the operation of section 459F(1) of the Corporations Act, it is taken to have failed to comply with a statutory demand; 9 it stops or suspends or threatens to stop or suspend the payment of all or a class of its debts or the conduct of all or a substantial part of its business; 10 any event or circumstance set out in section 461 of the Corporations Act occurs in relation to it; or 11 anything having a substantially similar effect to any of the events specified in paragraphs (1) to (10) inclusive happens to it under the law of any jurisdiction.
JORC Code	Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves 2012 Edition.
LOMP	has the meaning provided in section 5.2(b).
Mineral Resources	has the meaning provided in the JORC Code.
Minimum Subscription Amount	has the meaning given in the 'Important Notices' Section of this Prospectus.
New Shares	any new Shares offered pursuant to the Placement and the Offers made under this Prospectus.
NRW	NRW Pty Ltd ABN 69 828 799 317.

Term	Meaning
NRW Facility	the \$12,000,000 working capital facility provided to the Company by NRW.
Offers	each of the: 1 Broker Offer; 2 Entitlement Offer; 3 Shortfall Offer; and 4 Top-Up Placement.
Offer Materials	has the meaning given in section 6.4(k).
Offer Price	\$0.05 per New Share.
Official Quotation	official quotation on ASX.
Option	the right of the holder to acquire a Share upon payment of the applicable option exercise price.
Ore Resource	has the meaning given in the JORC Code.
Placement	the issue of 77,297,304 New Shares at \$0.05 per New Share (the same issue price as the Entitlement Offer) to sophisticated and professional investors.
Project Finance Facility	the project financing facilities with an aggregate limit of \$60 million with National Australia Bank and Commonwealth Bank of Australia as part of the funding package for the Dalgara Project.
Project Financiers	Commonwealth Bank of Australia and National Australia Bank.
Prospectus	this prospectus.
Record Date	the date specified in the timetable set out at the commencement of this Prospectus.
Section	a section of this Prospectus.

Term	Meaning
Securities	each of the New Shares and Broker Options offered under the Offers, pursuant to this Prospectus.
Settlement Date	the date for settlement of sub-underwriting as set out in the 'Timetable' on page 3 of this Prospectus.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Share Registry	Advanced Share Registry Limited ABN 14 127 175 946.
Shortfall or Shortfall Shares	those New Shares under the Entitlement Offer not applied for by Eligible Shareholders pursuant to this Prospectus by the Closing Date.
Shortfall Offer	the offer of the Shortfall.
Sub-Underwriters	the sub-underwriters appointed by the Underwriters under the terms of the Underwriting Agreement to sub-underwrite the Entitlement Offer.
Top-Up Placement	the offer of up to 61,837,843 New Shares at an issue price of \$0.05 per New Share to Sub-Underwriters of the Entitlement Offer and certain other investors that the Underwriters and the Company may agree, to raise up to a further approximately \$3 million, the details of which are set out in Section 2.4 of this Prospectus.
Top-Up Placement Application Form	the application form attached to or accompanying this Prospectus relating to the Top-Up Placement.
Underwriters	Hartleys and Argonaut.
Underwriting Agreement	the agreement between the Company and the underwriters as summarised in Section 6.4 of this Prospectus.

9 Corporate Directory

Directors

Sally-Anne Layman (Chairperson)

Rodney Michael Joyce

Ian Kerr

Simon Mark Le Messurier

Company Secretary

Eva O'Malley

Registered Office

Level 1, 41-47 Colin Street, West Perth WA
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Share Registry

Advanced Share Registry Limited
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Solicitors

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Underwriters

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Hartleys Limited
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Perth, WA, 6000
