

3 April 2019

Dear Optionholder,

On 28 March 2019, Gascoyne Resources Limited (**Company**) announced that it is offering eligible shareholders the opportunity to acquire new shares in the Company (**New Shares**) through a non-renounceable entitlements offer of four (4) New Shares for every five (5) Shares held by eligible shareholders on the Record Date (5pm (Perth time) on Monday, 8 April 2019) at an issue price of \$0.05 per New Share to raise up to approximately \$20.6 million (before costs) (**Entitlement Offer**). Eligible shareholders are those shareholders on the Record Date with a registered address in Australia, New Zealand, Germany, Luxembourg, Hong Kong, Singapore, South Africa, Switzerland and the United Kingdom.

On 1 April 2019, the Company announced that it had received firm commitments for a placement to eligible institutional and sophisticated investors of approximately 77.3 million New Shares at an issue price of \$0.05 to raise up to approximately \$3.8 million (before costs) (**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 (defined below) to the Entitlement Offer, may determine to separately make an offer of a further placement at the same issue price of \$0.05 to raise up to an additional ~\$3 million (**Top Up Placement**). No decision has been made to proceed with the Top Up Placement at this stage.

The proceeds of the Entitlement Offer and Placement will be used by the Company to strengthen the Company's balance sheet and meet working capital requirements.

The Entitlement Offer is underwritten by Hartleys Limited and Argonaut Capital Limited (**Underwriters**).

The Entitlement Offer is being made pursuant to a prospectus. A copy of the prospectus, which contains details of the Entitlement Offer, is available on the ASX website <http://www.asx.com.au>.

The purpose of this letter is to give you notice that if you wish to participate in the Entitlement Offer with respect to your options, you must exercise your options **before** the Record Date of 5pm (Perth time) on Monday, 8 April 2019.

To ensure that your new shares are allotted before the Record Date, your option exercise notice together with the correct monies must be received by the Company's share registry, Advanced Share Registry Services **no later than 5 April 2019**. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

If you do not wish to participate in the Entitlement Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Entitlement Offer carefully and if in any doubt, consult with your professional advisor.

If you require any further information please contact the Company Secretary on +61 8 9481 3434.

Yours faithfully,

Eva O'Malley
Company Secretary
GASCOYNE RESOURCES LIMITED



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