GASCOYNE
RESOURCES LIMITED
57 139 522 900

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4 April 2019

Dear Shareholder,

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 (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**).

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**). New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

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), 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.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

What is the Entitlement Offer?
The Entitlement Offer is being made by the Company in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Act**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on Tuesday, 2 April 2019.

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

The Entitlement Offer involves an offer to Eligible Shareholders of an entitlement to subscribe for four (4) New Shares for every five (5) shares held by eligible shareholders on the **Record Date** (Monday, 8 April 2019) at an issue price of $0.05 per New Share (**Entitlement**). The Prospectus sets out further details in respect of the Offer.

Who is eligible?
Eligible Shareholders are those persons who

- are the registered holder of Shares as at 5pm (Perth time) on the Record Date; and
- have a registered address in Australia, Luxembourg, New Zealand, Germany, Hong Kong, Singapore, South Africa, Switzerland or the United Kingdom.

Shareholders who are not Eligible Shareholders are "Ineligible Shareholders" and are consequently unable to participate in the Entitlement Offer.

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Why am I not eligible to participate in the Entitlement Offer?
The restrictions upon eligibility are due to a number of factors, including the small number of shareholders in some countries, the number and value of existing shares they hold and the cost of complying with applicable regulations in those countries.

Having given consideration to these factors, Gascoyne has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act it would be unreasonable to make the Entitlement Offer to certain shareholders resident in countries outside of Australia, Luxembourg, New Zealand, Germany, Hong Kong, Singapore, South Africa, Switzerland and the United Kingdom.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Shareholder. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this notice is to inform you that under the terms of the Entitlement Offer, you are not entitled to participate in the Entitlement Offer and as such, you will not be offered any New Shares or Entitlements under the Entitlement Offer. You will not be sent a copy of the Prospectus.

The Entitlement Offer is non-renounceable. A number of New Shares equal to the number that you would otherwise be entitled to subscribe for under the Entitlement Offer will be subscribed for by the Underwriters and sub-underwriters at the Issue Price. As a result, no amount will be payable by you and you will not otherwise receive any value for Entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Shareholder.

For further information about the Entitlement Offer, please call the Share Registry, Advanced Share Registry Limited, on 1 300 113 258 (within Australia) or (618) 9389 8033 (outside Australia).

A copy of the Prospectus may be viewed on the ASX Limited website at www.asx.com.au, or alternatively at the Company's website at http://www.gascoyneresources.com.au.

On behalf of the Company, we thank you for your continued support of the Company.

Yours faithfully

Eva O'Malley
Company Secretary

GASCOYNE RESOURCES LIMITED

Disclaimer

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This letter 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 letter, 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 letter will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

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