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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.

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**).

If you are an eligible shareholder, you will be able to subscribe for 4 New Shares for every 5 existing ordinary shares held on the **Record Date** of 5.00pm (Perth Time) on 8 April 2019 (**Entitlement**). The issue price is \$0.05 per New Share (**Issue Price**).

The New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Fractional entitlements will be down to the nearest whole number of shares.

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.



Key dates for Eligible Shareholders

The Company expects the Entitlement Offer to be conducted in accordance with the following timetable:

"Ex" Date	5 April 2019
Record Date to determine entitlement to New Shares	5pm (Perth time) 8 April 2019
Entitlement Offer opens and Prospectus and Entitlement and Acceptance Forms dispatched	10 April 2019
Entitlement Offer closes	5pm (Perth time) 1 May 2019
New Shares quoted on a deferred settlement basis	2 May 2019
Announcement of outcomes under the Entitlement Offer	3 May 2019
Issue date of New Shares under the Entitlement Offer and deferred settlement trading ends	8 May 2019
Quotation of New Shares issued under the Entitlement Offer	9 May 2019
Despatch of holding statements	9 May 2019

The above dates are indicative only. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act.

Prospectus

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in the Prospectus, copies of which are available on the ASX website.

Eligible Shareholders will receive a copy of the Prospectus and must complete the Entitlement and Acceptance Form accompanying the Prospectus to take up their Entitlements. You should read all of the Prospectus carefully and in its entirety before deciding whether to participate in the Entitlement Offer.

Action required by Eligible Shareholders

Your Entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your Entitlement. If you take up your Entitlement, you can also apply for additional New Shares.

Take up an Entitlement:

If you wish to take up all or part of your Entitlement, you will need to complete and return the personalised Entitlement and Acceptance Form together with the requisite application monies, or alternatively pay your application monies using BPAY®, in each case by following the instructions set out on the personalised Entitlement and Acceptance Form. Applications and application monies must be received by the Company's Share Registry by 5.00pm (Perth Time) on 1 May 2019.

Apply for additional New Shares:

If you take up your Entitlement in full, you can also apply for additional New Shares (subject to any scale back as determined by Gascoyne in conjunction with the Underwriters). Further information on applying for additional New Shares is provided for in the Prospectus and Entitlement and Acceptance Form.

Do nothing:

If you take no action you will not be allocated New Shares, your Entitlement will lapse and those New Shares for which you would have otherwise been entitled under the Entitlement Offer may be acquired by the Underwriters or sub-underwriters.

Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full 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. All shareholders, including those Eligible Shareholders who participate in the Entitlement Offer, will have their percentage holding in the Company reduced by the Placement.

The effect of the Entitlement Offer and Placement on the Company's issued share capital will be as follows (on the basis that the Placement completes, all Entitlements are accepted and no options are exercised prior to the Record Date):

Ordinary Shares	Number	% Equity
Existing shares	515,315,362	51%
Shares issued under Placement	77,297,304	8%
New Shares issued under the Entitlement Offer	412,252,289	41%
Total	1,004,864,955	100%

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.

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

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>.

We look forward to your participation in the Entitlement Offer.

Yours faithfully

Eva O'Malley
Company Secretary

GASCOYNE RESOURCES LIMITED

Disclaimer

This letter is to inform you about the Entitlement Offer. It is neither an offer to issue shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

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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