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\$24.5M PLACEMENT AND FULLY UNDERWRITTEN ENTITLEMENT OFFER

- **Firm commitments received for an initial Placement to raise ~\$3.8 million (before costs)**
- **4 for 5 non-renounceable fully underwritten Entitlement Offer to raise ~\$20.6 million (before costs)**
- **The Placement and Entitlement Offer proceeds provide funding to strengthen Gascoyne's balance sheet as it advances its Dalgara Gold Project towards commercial production with lifting production forecast in the second half of 2019**
- **The proceeds will support the planned operational improvement programs focused on increasing material movements and mined grade, 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**

Gascoyne Resources Limited (**ASX: GCY**) (**Gascoyne** or the **Company**) is pleased to announce that it has received firm commitments for a placement to eligible institutional and sophisticated investors of approximately 77.3 million fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.05 to raise up to approximately \$3.8 million (before costs) (**Placement**).

The Company is also offering eligible shareholders the opportunity to acquire New Shares through a non-renounceable entitlements offer of four (4) Shares for every five (5) Shares held by eligible shareholders on the Record Date (Monday, 8 April 2019) at the same issue price of \$0.05 per New Share to raise up to approximately \$20.6 million (before costs) (**Entitlement Offer**). New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

The Entitlement Offer is underwritten to the full amount of \$20.6m, except in the event that the issue of shortfall securities to the European investor, Delphi Unternehmensberatung AG (the **Investor**), would result in the Investor acquiring greater than a 19.90% interest in the Company. In this case the Investor's general sub-underwriting commitment, together with the amount underwritten by the Underwriters, will be reduced to the extent required to ensure the Investor does not exceed a 19.90% interest in the Company. This reduction is not expected to exceed ~\$0.5 million based on the investor's existing shareholding in the Company.

The issue price of \$0.05 per New Share represents a discount of 50% to the last closing price and 5-day VWAP of \$0.10.

Strong support for the equity raising has been received from a number of institutional and sophisticated investors, including the Investor, who is an existing Gascoyne shareholder, who 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 Gascoyne).



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

Gascoyne invites eligible shareholders to participate in the fully underwritten Entitlement Offer, which in conjunction with the Placement proceeds, 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. The funds raised will allow the Company 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.

Hartleys Limited (**Hartleys**) and Argonaut Capital Limited (**Argonaut**) (together the **Underwriters**) have entered into an underwriting arrangement with the Company (**Underwriting Agreement**). The Entitlement Offer is fully underwritten pursuant to the terms of the Underwriting Agreement, further details of which are provided in Annexure 2 to this announcement. Hartleys and Argonaut Securities Pty Limited have been appointed as Joint Lead Managers to the Placement and Top-up Placement.

The Company's mining contractor, NRW Holdings Limited (**NRW**), has agreed to provide general sub-underwriting commitments in relation to the Entitlement Offer, totalling \$5.3 million, demonstrating its strong support for Gascoyne and its Dalgaranga Gold Project. Subscription moneys payable by NRW will be satisfied by a corresponding reduction in the amounts owed by the Company to NRW.

Oversubscription Facility

Eligible shareholders that take up their entitlements in full may also apply for additional New Shares in excess of their pro-rata entitlement, subject to any scale back as determined by Gascoyne in conjunction with the Underwriters.

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, Gascoyne, in consultation with the Underwriters, 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.

Equity Raising Conditions

The Entitlement Offer will be subject to, amongst other conditions, a minimum subscription condition of \$20 million (including any funds raised from the Placement and those amounts subscribed by shareholders, sub-underwriters and the Underwriters in respect to the Entitlement Offer).

The Placement will be conditional on the Underwriting Agreement remaining in full force and effect and the lodgement of a prospectus in respect of the equity raising by 5:00pm on Wednesday, 10 April 2019 (being the date prior to the Placement settlement date).

The Placement will not be subject to the minimum subscription condition.

Eligible Shareholders

Entitlements (Rights) may only be exercised by eligible shareholders being persons with a registered address on the Company's share register in Australia, Luxembourg, New Zealand, Germany, Hong Kong, Singapore,

South Africa, Switzerland and the United Kingdom. Ineligible shareholders are all those shareholders with registered addresses outside these jurisdictions.

Further details in relation to the Entitlement Offer can be found in the prospectus expected to be released by the Company on 2 April 2019.

Timetable

The proposed indicative timetable for the Entitlements Offer is shown below:

Key Event	Date & Time (AWST)
Announcement of Equity Raising (Placement and Entitlement Offer):	Monday, 1 April 2019
“Ex” date:	Friday, 5 April 2019
Record date:	Monday, 8 April 2019
Entitlement Offer opens and prospectus and acceptance forms dispatched:	Wednesday, 10 April 2019
Settlement of Placement:	Thursday, 11 April 2019
Entitlement Offer closes:	5pm Wednesday, 1 May 2019
Announcement of outcomes under the Entitlement Offer:	Friday, 3 May 2019
Settlement of New Shares issued under Entitlement Offer (including any shortfall shares):	Wednesday, 8 May 2019

Subject to the ASX Listing Rules, Gascoyne and the Joint Lead Managers reserve the right to change the above dates.

Copies of the prospectus and entitlement forms will be mailed to all eligible shareholders in accordance with the timetable set out above. For enquiries in regard to individual shareholdings please contact Advanced Share Registry on (08) 9389 8033.

This announcement will lift the suspension in trading of Gascoyne shares.

On behalf of the board of
Gascoyne Resources Limited

Eva O’Malley
Company Secretary

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Summary Information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Gascoyne's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

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Annexure 1 - 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

	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 Placement and Entitlement Offer	1,004,864,955

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:	12,030,000
<ul style="list-style-type: none">7,850,000 unquoted Options exercisable at \$0.55 on or before 16 December, 20194,180,000 unquoted Options exercisable at \$0.40 on or before 7 October, 2021	
Cancellation of unvested unquoted Options	(380,000)
Broker Options to be issued under the Broker Offer	up to 6,000,000
Total Options on issue after completion of the Offers	17,650,000

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

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

The Company also gives notice, that in accordance with the Company's Employee Share Option Plan the following options to acquire ordinary shares in Gascoyne Resources Limited have been cancelled due to cessation of employment of employees.

No. of Options	Exercise Price	Expiry Date
380,000	40 cents	7 October 2021

The number and class of all securities not quoted on the ASX following this cancellation is as follows:

3,800,000 Employee Incentive Options exercisable at \$0.40 expiring on 7 October 2021

7,850,000 Employee Incentive Options exercisable at \$0.55 expiring on 16 December 2019

Annexure 2 – Underwriting Agreement

The obligation of the Underwriters to underwrite the Entitlement Offer is subject to certain events of termination which are summarised below. The Underwriters may terminate their 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, 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, 10.0% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (c) **(sub-underwriting default)** the European investor who is sub-underwriting \$8 million of the Entitlement Offer 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;
- (e) **(Debt Facility)** the Company breaches any of its debt facilities or they are revoked, rescinded, avoided, amended or replaced in any way, or a lender under a debt facility seeks to enforce their security;
- (f) **(Prospectus)** the Company does not lodge the Prospectus or the Entitlement Offer is withdrawn by the Company;
- (g) ***(breach of material contracts)** any contracts described in the Prospectus are breached or terminated;
- (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 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 the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries;
- (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 materials relating to the Entitlement Offer and Placement or in public information is misleading or omit required information;
- (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 materials relating to the Entitlement Offer and Placement or in public information relating to future matters;
- (m) **(listing)** ASX announces or informs the Company that the Company will be removed from the official list or that its 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 in accordance with the Underwriting Agreement and the timetable for the Placement and Entitlement Offer and Top-Up Placements;
- (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 lodgement of the Prospectus or 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 applicable laws, orders made by ASIC, ASX or any other government agency or Court, or investigations initiated by ASIC or ASX into the conduct of the Company;
- (u) **(withdrawal of consent)** consents to be named in the Prospectus are withdrawn or not given;
- (v) **(supplementary prospectus)**: a supplementary prospectus is required, but not lodged in time or in accordance with relevant requirements, or the Company lodges such prospectus without the consent 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** ;
- (x) **(suspension of debt payments)** 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 engage in any fraudulent conduct or activity whether or not in connection with the Placement or the Entitlements Offer;

- (cc) ***(Director)**: any officer or senior manager of the Company or its subsidiaries are charged with an indictable offence or any governmental agency or regulatory body commences public action against them, or a director is disqualified from managing a corporation;
- (dd) **(adverse change)** there is a matter, event or circumstance which could reasonably be considered likely to give rise to a material adverse change in the position 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;
- (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 becomes incorrect;
- (hh) ***(information supplied to Underwriters)** the information supplied by or on behalf of the Company to an Underwriter is false, misleading or deceptive;
- (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)** the Company or its subsidiaries contravenes relevant laws;
- (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 applicable law or authorisations.

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 Entitlements Offer; or
- (b) leads to:
 - (1) a material liability for that Underwriter; or
 - (2) the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.