

2 September 2019

Dear Optionholder

Fully Underwritten Non-Renounceable Pro-Rata Entitlement Offer to raise A\$1m

As originally announced on 1 July 2019 and again on 2 September 2019, GTI Resources Ltd (ASX:GTR) (**GTR** or the **Company**) will be undertaking a fully underwritten non-renounceable entitlement offer of one (1) fully paid ordinary share (**Share**) for every two (2) Shares held by Eligible Shareholders (defined below), at an issue price of \$0.01 per Share to raise \$1,014,091 (**Entitlement Offer**). The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (**CPS**) who will also act as lead manager.

An offer document containing information in respect of the Entitlement Offer was announced on the Australian Securities Exchange on 2 September 2019 (**Offer Document**).

The Entitlement Offer is being undertaken in conjunction with a placement to sophisticated investors. Tranche 1 of the Placement will offer 40,000,000 Shares to sophisticated investors at an issue price of \$0.01 to raise \$400,000 (before costs) (**Tranche 1 Placement**). A total of 24,422,721 Shares pursuant to the Tranche 1 Placement was completed using the Company's existing 15% placement capacity under Listing Rule 7.1 and the remaining 15,577,279 Shares (recently approved at the Company's General Meeting held on 21 August 2019) will be issued prior to the Record Date for the Entitlement Offer in order to allow those Tranche 1 Placement holders the ability to take up their Entitlement.

The Company will also undertake an additional placement of 60,000,000 Shares at an issue price of \$0.01 to raise \$600,000 (before costs) to sophisticated investors (**Tranche 2 Placement**). The Tranche 2 Placement will be completed after the Record Date and as such investors under the Tranche 2 Placement will not be entitled to participate in the Entitlement Offer.

The Entitlement Offer is being made to all shareholders of the Company named on its register of members as at 5:00pm (WST) on 6 September 2019 (**Record Date**), whose registered address is in Australia and New Zealand (**Eligible Shareholders**).

In consideration for its services as Underwriter and lead manager, CPS will receive:

- (a) at CPS' election, its 6% capital raising fee for both the Entitlement Issue and the Placement in shares in the Company (equating to a total of 12,084,544 Shares);
- (b) as part of its services, CPS will receive a monthly corporate advisory fee of A\$4,000 (plus GST) for a minimum term of twelve (12) months; and
- (c) in addition, CPS will also receive 30,000,000 options to acquire Shares exercisable at 3c and expiring on 31 December 2021.

Funds raised under the Entitlement Offer (together with funds raised under the Placement) will be allocated towards expenditure on the proposed new projects in Utah, USA, expenditure on the Company's existing Western Australian properties, costs of the Entitlement Offer and the Placement and for working capital purposes.

Use of Funds

The Company intends to apply the funds raised under both the Placement and the Offer over the next twelve (12) months as follows:

Capital Raisings	\$	%
Placement	1,000,000	49.7%
Rights Issue	1,014,091	50.3%
Total	2,014,091	100.0%
Items of Expenditure	\$	%
Expenditure on proposed new projects in Utah, U.S. ¹	1,000,000	49.7%
Expenditure on existing properties in Western Australia ²	182,250	9.0%
Working capital ³	801,841	39.8%
Expenses of the Offer	30,000	1.5%
Total	2,014,091	100

Note:

1. To be allocated towards the following: geological mapping and drone survey, ground based radon survey, trenching, phase 1 & 2 drilling program and bulk sample and metallurgical test work.
2. To be allocated towards an initial geological survey and a mapping program on the Company's Meekatharra VMS Project.
3. Funds allocated to working capital will be used for future administration expenses of the Company, including administration fees, Director's remuneration and other administration and obligatory overheads and towards future acquisitions.
4. As at 30 June 2019, the Company has existing cash reserves of \$254,000 which is intended to be used in order of priority as outlined in Notes 1 to 4 above.

The above tabled expenditures represent a statement of current intentions as of the date of the Offer Document. As with any budget, intervening events and 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.

All of the Shares offered under the Entitlement Offer will rank equally with the Company's existing Shares on issue.

Following completion of the Entitlement Offer and Placement, and assuming all Entitlements are accepted the number of Shares on issue in the Company will increase from 187,240,860 Shares as at the date of the Offer Document, to 364,227,209 Shares.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Entitlement Offer unless you exercise your options in time for Shares to be allotted and to be entered on the Company's register of members on or before 5.00pm (WST) 6 September 2019 (**Record Date**).

To exercise your options and thereby participate in the Entitlement Offer, you will need to deliver

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the following to the Company's Share Register, Advanced Share Registry Services Pty Ltd at 110 Stirling Highway, Nedlands, Western Australia 6009 or post to GTI Resources Ltd care of, Advanced Share Registry Services Pty Ltd, PO Box 1156, Nedlands WA 6909:

- (a) A notice of exercise of options;
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "**GTI Resources Ltd**".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by GTR **no later than** 5.00pm on 6 September 2019. If received after this date, allotment of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Offer Document in its entirety. This notice is important and requires immediate attention.

- Ends -

Murray McDonald
Chairman