

GASCOYNE RESOURCES LIMITED

EMPLOYEE INCENTIVE OPTIONS

ISSUED UNDER THE GASCOYNE RESOURCES LTD'S EMPLOYEE SHARE OPTION PLAN

TERMS AND CONDITIONS

1. Grant and Issue Date

Grant Date: 5 October 2018

Issue Date: 8 October 2018

2. Price of Options

The Options will be granted to you at no cost.

3. Exercise Price

The Exercise Price of each Option is \$0.40 per security.

4. Cashless Exercise Facility

You may elect to pay the Exercise Price by using the Cashless Exercise Facility in the manner set out in the Plan.

5. Performance Conditions and Vesting Date

There are no performance conditions attached to the Employee Share Option Plan ('ESOP') Options. Options will vest 1/3 on grant, 1/3 in 6 months and 1/3 in 12 months and they will remain exercisable until the options lapse. The Plan does not contain a clause stating that deferred taxation applies, and the options are not subject to a real risk of forfeiture.

6. Expiry date

The Options will expire on 7 October 2021.

7. Disposal restrictions

A Participant may not transfer an Option granted under the Plan without the prior consent of the Board.

8. Risks of acquiring and holding Options under the Plan

Participation in the Plan involves a number of risks including:

- (a) holding options may have tax implications for you and the tax regime applying to you may change over time;
- (b) the market price of underlying ordinary shares may prevent the options granted to you being economically viable to exercise;
- (c) if options are granted to you subject to Performance Conditions and the Performance Conditions are not satisfied by the end of the Performance Period, the options granted to you may not vest and will lapse;
- (d) cessation of your employment with the Company or an Associated Body Corporate may result in options granted to you lapsing or otherwise being dealt with in accordance with the terms of the Plan;
- (e) if options granted to you lapse in accordance with the terms of the Plan, you will not receive any Gascoyne shares. Cash will not be provided as an alternative; and
- (f) there are various risks associated with investing in listed entities generally. The value of the underlying shares of Gascoyne will depend upon general stock market and economic conditions as well as the

specific performance of Gascoyne. There is no guarantee of profitability, dividends, return of capital or the price at which Gascoyne shares will trade on ASX.

The information above is only general information about the risks of acquiring and holding Options. There may be other risks of participating in the Plan that are specific to your circumstances. As a result, it is recommended that you seek advice from a licensed professional as to whether or not participation in the Plan is suitable for you.

9. Taxation

You are responsible for any taxation implications arising from your participation in the Plan.

It is strongly recommended that you seek, and only rely upon, your own professional independent tax advice with respect to the implications of your participation in the Plan.

10. Market value of Gascoyne shares

The current market price of fully paid ordinary shares of the Company, which trade under the code "GCY", is available on the ASX website (www.asx.com.au).

Alternatively, you may contact the Company Secretary, by telephone on (08) 9481 3434 or email at CoSec@gascoyneresources.com.au, to obtain the current market price of fully paid ordinary shares in the Company.

11. Rules

Any acquisition of Options to which this offer relates is subject to the specific terms and conditions of this offer and the terms and conditions of the Rules and the Constitution of the Company. You should read the Rules in conjunction with this offer.