

# **GASCOYNE RESOURCES LIMITED**

ACN 139 522 900

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**TIME:** 11.00 am (WST)

**DATE:** Wednesday, 16 November 2011

**PLACE:** Lower Pavilion, Next Generation Kings Park  
Located at Royal King's Park Tennis Club  
21 Kings Park Road, West Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 3434.

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**TABLE OF CONTENTS**

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|                                                                         |    |
|-------------------------------------------------------------------------|----|
| Notice of Annual General Meeting (setting out the proposed resolutions) | 2  |
| Explanatory Statement (explaining the proposed resolutions)             | 4  |
| Glossary                                                                | 8  |
| Annexure                                                                | 9  |
| Corporate Representative Form                                           | 11 |

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **11.00am (WST)** on **Wednesday, 16 November 2011** at **Lower Pavilion, Next Generation Kings Park, 21 Kings Park Road, West Perth, Western Australia.**

**YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company's registered office by:

(a) Post:

Gascoyne Resources Limited  
PO Box 1449  
West Perth WA 6872; or

(b) Facsimile:

+61 8 9481 0411

so that it is received not later than **11.00 am (WST)** on **Monday, 14 November 2011.**

**Proxy Forms received later than this time will be invalid.**

**ENTITLEMENT TO ATTEND AND VOTE**

The Company may specify a time, not more than 48 hours before the meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company's Directors have determined that all shares of the Company that are quoted on ASX at 5pm (WST) on Monday, 14 November 2011 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

## NOTICE OF MEETING

Notice is given that an annual general meeting of Gascoyne Resources Limited (**Company**) will be held at the Lower Pavilion, Next Generation Kings Park, 21 Kings Park Road, West Perth, Western Australia on Wednesday, 16 November 2011 commencing at 11.00am (WST).

The Proxy Form forms part of this Notice of Meeting.

### ORDINARY BUSINESS

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#### 1 FINANCIAL STATEMENTS AND REPORTS

##### Period 1 July 2010 to 30 June 2011

To receive the Financial Report of the Company for the year ended 30 June 2011, together with the Directors' Report and the Auditor's Report.

**Note:** There is no requirement for Shareholders to approve these reports.

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#### 2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

To consider and, if thought fit to pass, with or without amendment, the following resolution as a non-binding resolution:

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Directors' Report in the Annual Report for the year ended 30 June 2011".*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any of the key management personnel listed in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

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#### 3 RESOLUTION 2 – RE-ELECTION OF MR STANLEY MACDONALD AS A DIRECTOR

To consider, and if thought fit to pass, with or without amendment, the following Resolution as an ordinary resolution:

*"That Mr Stanley Macdonald, having been appointed as a Director of the Company on 20 April 2011 and being eligible for re-election in accordance with clause 17.3 of the Constitution, be re-elected as a Director of the Company."*

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#### 4 RESOLUTION 3 – RE-ELECTION OF MR RODNEY MICHAEL JOYCE AS A DIRECTOR

To consider, and if thought fit to pass, with or without amendment, the following Resolution as an ordinary resolution:

*"That Mr Rodney Michael Joyce, having been appointed as a Director of the Company on 20 April 2011 and being eligible for re-election in accordance with clause 17.3 of the Constitution, be re-elected as a Director of the Company."*

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#### 5 RESOLUTION 4 – RE-ELECTION OF MR GORDON DUNBAR AS A DIRECTOR

To consider, and if thought fit to pass, with or without amendment, the following Resolution as an ordinary resolution:

*"That in accordance with clause 17.4 of the Constitution and Listing Rule 14.5, Mr Gordon Dunbar retires and being eligible for re-election, be re-elected as a Director of the Company."*

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#### 6 RESOLUTION 5 – APPROVAL OF THE ISSUE OF ESOP OPTIONS TO MR MICHAEL DUNBAR

To consider, and if thought fit to pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to 1,800,000 ESOP Options to Mr Michael Dunbar (or his nominee) pursuant to Gascoyne Resources Limited’s Share Option Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by Directors and any of associates of Directors, and if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **EXPLANATORY STATEMENT**

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Statement.

#### **PROXIES**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### **CORPORATE REPRESENTATIVE**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

#### **BY ORDER OF THE BOARD OF DIRECTORS**



Eva O'Malley  
Company Secretary  
Gascoyne Resources Limited  
12 October 2011

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held on Wednesday, 16 November 2011 at 11.00am.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

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### 1 FINANCIAL STATEMENTS AND REPORTS

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 30 June 2011 will be laid before the Meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 11am (WST) on Monday, 7 November 2011:

(a) by post:

Company Secretary  
Gascoyne Resources Limited  
PO Box 1449  
West Perth WA 6872

(b) by facsimile:

+61 8 9481 0411

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### 2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to a non-binding vote of Shareholders. The Annual Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and non-executive Directors. The Annual Report will be available on the Company's website at [www.gascoyneresources.com.au](http://www.gascoyneresources.com.au) from 12 October 2011.

The provisions of the Corporations Act dealing with the non-binding vote on the remuneration report have recently been amended. The Corporations Act still provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the directors. However, in addition, the Corporations Act now provides that if the Company's Remuneration Report resolution receives a "no" vote of 25 per cent or more of votes cast at the Meeting, the Company's subsequent remuneration report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives is less than a 25% "no" vote.

In addition, the Corporations Act now sets out a 'two strikes' re-election process. Under the 'two strikes' re-election process, if the Company's remuneration report receives a 'no' vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, 'two strikes'), a resolution (the 'spill resolution') must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the 'spill meeting') to consider the appointment of all of the Directors who stand for re-appointment (other than the Managing Director). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the 'spill meeting' must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for re-appointment). Further information will be provided on the 'spill resolution' and 'spill meeting' for any annual general meeting at which the Company may face a 'second strike'.

The remuneration levels for directors, officer and senior managers are competitively set to attract and retain appropriate directors and key management personnel.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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### **3 RESOLUTION 2 – RE-ELECTION OF MR STANLEY MACDONALD AS A DIRECTOR**

#### **3.1 Background**

On 20 April 2011, Mr Stanley Macdonald was appointed as a Director by the Board as an additional director.

Clause 17.3(b) of the Constitution and Listing Rule 14.4 requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next annual general meeting following his or her appointment, but is eligible for re-election at that annual general meeting. Mr Stanley Macdonald therefore retires at the forthcoming annual general meeting, and being eligible, offers himself for re-election at the Meeting.

Mr Macdonald has been associated with the mining and exploration industry for many years, having been instrumental in the formation and listing of numerous ASX companies, including Giralia Resources NL, where he was an executive director for 20 years. Mr Macdonald is a non-executive director of U3O8 Limited, Zenith Minerals Limited and Carpentaria Exploration Ltd.

#### **3.2 Board recommendation**

The Directors (other than Mr Stanley Macdonald) unanimously recommend that Shareholders vote in favour of Resolution 2.

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### **4 RESOLUTION 3 – RE-ELECTION OF MR RODNEY MICHAEL JOYCE AS A DIRECTOR**

#### **4.1 Background**

On 20 April 2011, Mr Rodney Michael Joyce was appointed as a Director by the Board as an additional director.

Clause 17.3(b) of the Constitution and Listing Rule 14.4 requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next annual general meeting following his or her appointment, but is eligible for re-election at that annual general meeting. Mr Rodney Michael Joyce therefore retires at the forthcoming annual general meeting, and being eligible, offers himself for re-election at the Meeting.

Mr Joyce is a geologist with around 30 years experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree from Monash University. He also holds a MSc from Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd responsible for significant gold discoveries at Khartoum (Carosue Dam) and Davyhurst in Western Australia prior to joining Giralia Resources NL initially as the exploration manager and then as managing director. Mr Joyce is also a director Zenith Minerals Limited.

#### **4.2 Board recommendation**

The Directors (other than Mr Rodney Michael Joyce) unanimously recommend that Shareholders vote in favour of Resolution 3.

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### **5 RESOLUTION 4 – RE-ELECTION OF MR GORDON DUNBAR AS A DIRECTOR**

#### **5.1 Background**

In accordance with Listing Rule 14.4 and clause 17.4 of the Constitution, at every annual general meeting an election of Directors must take place. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

For this reason, Mr Gordon Dunbar retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Dunbar is a consulting geologist with 40 years experience in the Australian minerals industry managing project development, mineral exploration and evaluation programs, mine geology, financial studies, production assessment and monitoring joint venture projects. His experience includes exploration and mining geology roles at Kambalda with WMC, the evaluation of the Golden Grove base metal deposits in WA, the chief geologist at Rosebery Mine in Tasmania and management roles with BP Australia undertaking financial studies, monitoring the evaluation of the Olympic Dam deposit and as exploration manager for BP Minerals.

Mr Dunbar formed his own consulting group in 1990 to provide advice on exploration, evaluation, mining geology, project assessment and pre-feasibility studies, particularly those involving gold, base metals and

nickel. He has worked on projects within Australia and internationally. He is a non-executive director of Helix Resources Limited and Rubianna Resources Limited.

Further details about Mr Gordon Dunbar are set out in the Company's 2011 Annual Report which is available at [www.gascoyneresources.com.au](http://www.gascoyneresources.com.au).

## 5.2 Board recommendation

The Directors (other than Mr Gordon Dunbar) unanimously recommend that Shareholders vote in favour of Resolution 4.

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## 6 RESOLUTION 5 – APPROVAL OF THE ISSUE OF ESOP OPTIONS TO MR MICHAEL DUNBAR

### 6.1 Background

Resolution 5 seeks Shareholder approval to grant and issue 1,800,000 ESOP Options to Mr Michael Dunbar (or his nominee) on the terms and conditions set out in the **Annexure** to this Explanatory Statement. The ESOP Options will be issued under the Company's employee share option plan and will be exercisable at a price that is 50% greater than the volume weighted average price (**VWAP**) of the Shares on ASX for the 7 trading days prior to the date of issue of the ESOP Options. The ESOP Options will expire two years after date of issue with 50% to vest immediately and 50 % to vest twelve months after date of issue. In addition, the ESOP Options have been structured as a long term incentive by setting a period of 12 months before 50% of the ESOP Options can be exercised. The grant of the ESOP Options is designed to incentivise the recipients and align the Board and senior staff in the setting and achievement of the Company's objectives, by participating in the future growth and prosperity of the Company through share ownership. The grant of the ESOP Options to Mr Michael Dunbar, who is an executive director, is to provide an incentive for future services he will provide to the Company and an acknowledgement of a past service. In this regard, it is noted that the Company issued on 15 September 2011 a total of 1 million ESOP Options to key staff on the same terms and conditions as those proposed to be issued to Mr Michael Dunbar.

The Directors have determined the exercise price in light of the price of the Company's Shares in the period prior to issuing the ESOP Options to Mr Dunbar. The directors consider that an exercise price 50% above the VWAP of the Company's Shares on ASX for the 7 trading days prior to issuing the ESOP Options to Mr Dunbar is appropriate.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied. These are summarised below.

### 6.2 ASX Listing Rules 10.11 and 10.14

ASX Listing Rule 10.11 provides a general restriction against issuing securities (including an option) to a related party of the company without shareholder approval. As the Director is a related party of the Company, shareholder approval under the Listing Rules is required.

ASX Listing Rule 10.14 provides that a company must not issue equity securities (including options to acquire shares) to a director of the company under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution. If approval is given by shareholders under Listing Rule 10.14, separate approval is not required under Listing Rules 10.11 or 7.1. Shareholders should note that the issue of ESOP Options to the Director is not included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.15 requires the following information to be provided for an approval under ASX Listing Rule 10.14:

- (a) the ESOP Options will be granted to Mr Michael Dunbar (or his nominee);
- (b) if Resolution 5 is passed by Shareholders, the maximum number of ESOP Options to be granted to the related party (or his nominee) is 1,800,000;
- (c) the ESOP Options will be issued for no consideration, accordingly no funds will be raised from the grant of the ESOP Options and any funds raised from the exercise of the ESOP Options will be used for general working capital purposes;
- (d) no ESOP Options were issued to a related party of the company or persons referred to in Listing Rule 10.14 since the Company adopted its Share Option Plan;
- (e) the ESOP Options will be allotted and issued not later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) no loan is being provided by the Company to Mr Michael Dunbar for the acquisition of the ESOP Options; and
- (g) the ESOP Options will be issued to Mr Michael Dunbar on the terms and conditions set out in the **Annexure**.

### 6.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

For the purposes of Chapter 2E, a Director is a related party of the Company.

Resolution 5 provide for the grant of ESOP Options to Mr Michael Dunbar, a Director of the Company (or his nominee), which is a financial benefit for the purposes of Chapter 2E of the Corporations Act, and, therefore, requires prior shareholder approval.

### 6.4 Information requirements for Chapter 2E of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Mr Michael Dunbar:

- (a) if Resolution 5 is passed by Shareholders, the related party to whom the financial benefit will be given is Mr Dunbar (as director of the Company);
- (b) the nature of the financial benefit proposed to be given to the Director is the grant of ESOP Options in the Company for no consideration on the terms and conditions set out in the **Annexure** to this Explanatory Statement;
- (c) as at the date of this Notice, Mr Michael Dunbar (or his nominee) holds the following relevant interests in the securities in the Company representing 1.48% of the current issued capital of the Company on a fully diluted basis:

|                | Ordinary Shares | Unlisted Options<br>exercisable at \$0.25<br>expiring 30 November<br>2011 | Total Shares<br>& Options |
|----------------|-----------------|---------------------------------------------------------------------------|---------------------------|
| Michael Dunbar | 1,000,000       | 500,000                                                                   | 1,500,000                 |

- (d) If the ESOP Options the subject of this Resolution are exercised, the Company’s issued share capital will increase by 1,800,000 Shares representing 1.75% of the issued share capital of the Company (assuming no other securities are issued or exercised), diluting other Shareholders by a corresponding amount.

### 6.5 Other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

#### (a) Valuation of ESOP Options

The ESOP Options are not to be quoted on ASX and as such have no actual market value. The ESOP Options are capable of being converted to Shares by the payment of the exercise price (detailed above) per ESOP Option and accordingly have a value at the date of grant. If the Company’s shares are trading at a higher price than the exercise price at the time of exercise, the effect will be to give an immediate financial benefit to the Director who has exercised their ESOP Options.

It is a requirement of ASIC that a dollar value be placed on financial benefits to be issued to a company’s directors and for which shareholder approval is required.

The Binomial Option Valuation method is regarded as acceptable by ASIC as a valuation model where the ESOP Options cannot be readily valued by some other means because the proposed options are not to be quoted on ASX and as such have no actual market value. In determining the value of the proposed ESOP Options under Resolution 5, the following assumptions were applied:

- the ESOP Options will be exercisable at 36.75 cents on or before the date 2 years after the date of issue;
- price volatility of the Shares is 90% (determined after taking into account the life of the ESOP Options (2 years) and the general volatilities applying to the small cap mineral companies);
- the risk free rate of interest of 6.5% (based on the risk free interest rate for a Commonwealth Bond expiring approximately 2 years after the date of the valuation);
- no dividends will be paid by the Company before the expiry date of the Options;
- 7 trading day VWAP share price of 24.5 cents, for the period ending 5 October 2011;
- the market price of shares is 23.5 cents per Share (as at 5 October 2011); and
- the ESOP Options will be transferable but not listed on ASX.

Based on the methodology and assumptions set out above, the indicative value of the financial benefit to be provided to Mr Michael Dunbar over the terms of the ESOP Options is set out below:

|                | Value per ESOP Option | Number of ESOP Options | Total Value of ESOP Options |
|----------------|-----------------------|------------------------|-----------------------------|
| Michael Dunbar | 10.5 cents            | 1,800,000              | \$189,000                   |

(b) *Entitlements*

The Director's base salary or director's fees per annum (including superannuation) and the total financial benefit to be received by him as a result of the grant of ESOP Options pursuant to Resolution 5 are as follows:

|                   | Total salary/fees*<br>(\$ p.a.) | Total Value of ESOP Options<br>(\$) | Total financial benefit<br>(\$) |
|-------------------|---------------------------------|-------------------------------------|---------------------------------|
| Mr Michael Dunbar | 272,500                         | 189,000                             | 461,500                         |

\* inclusive of superannuation contributions

(c) *Trading History*

During the last 12 months before the date of this Notice of Meeting, the highest trading price of the Shares on the ASX was \$0.33 on 13 September 2011 and the lowest trading price of the Shares was \$0.08 on 24 January 2011. The last trading price available at the time of preparing this Notice was \$0.235 (5 October 2011).

(d) *Other information*

The Directors consider that the grant of the ESOP Options provides cost effective consideration to Mr Michael Dunbar for his ongoing commitment and contribution to the Company in his role as Managing Director of the Company. Given this purpose, the Directors do not consider that there are any opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the ESOP Options under Resolution 5.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 5.

## 6.6 Board recommendation

In respect of Resolution 5, all Directors recommend that Shareholders vote in favour of Resolution 5, save for Mr Michael Dunbar who has an interest in the outcome of Resolution 5 and declines to make a recommendation in respect of it.

### GLOSSARY

|                                    |                                                                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>\$ or A\$</b>                   | means Australian dollars unless otherwise specified.                                                                                                                                                               |
| <b>Annual Financial Report</b>     | the Company's financial report contained in the Company's annual report for the year ended 30 June 2011.                                                                                                           |
| <b>ASX</b>                         | ASX Limited.                                                                                                                                                                                                       |
| <b>Auditors' Report</b>            | the auditors' report contained in the Company's Annual Financial Report.                                                                                                                                           |
| <b>Board</b>                       | means the Board of Directors of the Company.                                                                                                                                                                       |
| <b>Company</b>                     | Gascoyne Resources Ltd ACN 139 522 900.                                                                                                                                                                            |
| <b>Corporations Act</b>            | <i>Corporations Act 2001</i> (Cth).                                                                                                                                                                                |
| <b>Director</b>                    | director of the Company.                                                                                                                                                                                           |
| <b>Directors' Report</b>           | Directors' report contained in the Company's Annual Financial Report.                                                                                                                                              |
| <b>ESOP</b>                        | Gascoyne Resources Limited's Employee Share Option Plan established prior to the Company's listing on ASX and the terms and conditions of the plan were set out in the Company's prospectus dated 26 October 2009. |
| <b>ESOP Options</b>                | Options issued under the ESOP and on the terms in the Annexure.                                                                                                                                                    |
| <b>Explanatory Statement</b>       | the explanatory statement that accompanies this Notice.                                                                                                                                                            |
| <b>Listing Rules</b>               | the Listing Rules of the ASX.                                                                                                                                                                                      |
| <b>Meeting or General Meeting</b>  | the meeting convened by the Notice of Meeting.                                                                                                                                                                     |
| <b>Notice or Notice of Meeting</b> | this Notice of General Meeting.                                                                                                                                                                                    |
| <b>Option</b>                      | means an option to acquire a Share.                                                                                                                                                                                |
| <b>Proxy Form</b>                  | the personalised proxy form enclosed with this Notice of Meeting which forms part of the Notice.                                                                                                                   |
| <b>Resolution</b>                  | the resolution set out in the Notice of Meeting.                                                                                                                                                                   |
| <b>Share</b>                       | fully paid ordinary share in the capital of the Company.                                                                                                                                                           |
| <b>Shareholder</b>                 | holder of a Share in the Company.                                                                                                                                                                                  |
| <b>WST</b>                         | Western Standard Time as observed in Perth, Western Australia.                                                                                                                                                     |

## ANNEXURE

### TERMS AND CONDITIONS OF OPTIONS UNDER THE COMPANY'S SHARE OPTION PLAN

The Company's Share Option Plan was established prior to the Company's listing on ASX and a summary of the terms and conditions of the Share Option Plan were set out in the Prospectus. A summary of the key terms of the Share Option Plan is set below:

#### 1. Expiry Date

The Option shall expire on the earliest of the relevant dates set out below (**Expiry Date**):

- (a) unless the board agrees otherwise, 30 days after the participant's resignation or employment or engagement with the Company or an associated body corporate is terminated;
- (b) unless the Board agrees otherwise, 30 days after the Plan Participant's resignation or employment or engagement with the Company or its subsidiary is terminated;
- (c) the Plan Participant's employment or engagement with the Company or its subsidiary is terminated on the basis that the Plan Participant acted fraudulently, dishonestly, in breach of the Plan Participant's obligations or otherwise for cause (or in the case of an Option held by an nominee, the employment or engagement of the nominating Plan Participant is terminated on the basis that the Participant acted fraudulently, dishonestly, in breach of the Plan Participant's obligations or otherwise for cause;
- (d) 30 days (or such later date as the Company's Board determines in its sole discretion) after a person or corporation becomes entitled to proceed to compulsory acquisition of the shares pursuant to section 661 of the Corporations Act. In such event, the Company shall notify (in writing) the Plan Participant of the Expiry Date as soon as possible after the Company becomes aware that the person or corporation has become entitled to proceed to compulsory acquisition;
- (e) 10 days (or such later date as the Company's Board determines in its sole discretion) after the Company convenes a meeting of shareholders in order to enter into a Plan of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation becoming entitled to not less than 90% of the shares. In such event, the Company shall notify (in writing) the Plan Participant of the Expiry Date as soon as practicable after the Company convenes the aforementioned meeting; and
- (f) the date specified by the Board upon the grant of an Option.

#### 2. Entitlement to one Share

Each Option shall carry the right in favour of the Plan Participant to subscribe for 1 share.

#### 3. Exercise of Options

The exercise price of each Option is 50% above the volume weighted average price of the Shares on ASX for the 7 trading days prior to the date of issue of the Options (**Exercise Price**).

The Options held by each Plan Participant may be exercised in whole or in part at any time up to and including the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Plan Participant to:

- (a) exercise all or a specified number of Options; and
- (a) pay the Exercise Price by way of subscription monies in full for the exercise of each Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the shares. An exercise of only some Options shall not affect the rights of the Plan Participant to the balance of the Options held by the Plan Participant.

#### 4. Rank equally with existing Shares on issue

Shares allotted pursuant to an exercise of the Options shall rank from the date of allotment, equally with existing fully paid ordinary shares in all respects.

#### 5. Quotation of Options and Shares on Exercise

The Company shall allot the resultant shares and deliver the share certificate or uncertified holding statement within 5 business days of the exercise of the Options.

Options shall not be listed for Official Quotation on ASX.

The Company shall, in accordance with the Listing Rules, make application to have shares allotted pursuant to an exercise of Options listed for Official Quotation on ASX.

**6. Not transferable**

The Options are personal to the Plan Participant to whom it was granted, and the Plan Participant may not sell, transfer or otherwise dispose of or make a declaration of trust in respect of it, without the prior approval of the Board.

**7. Reconstruction**

In the event of a reconstruction (including consolidation, subdivision, reduction or return of the issued capital of the Company), all rights of the Plan Participant shall be reconstructed in accordance with the Listing Rules.

**8. No change in exercise price**

Subject to paragraph 7, the Plan Participant shall have no right to a change in the Exercise Price of an Option or a change to the number of shares over which an Option can be exercised.

**9. Share of arrangement or takeover bid**

If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.

**10. Share of arrangement or takeover bid**

There are no participating rights or entitlement inherent in the Options and Plan Participants will not be entitled to participate in new issues of securities offered to shareholders of the Company during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced so as to give holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

**11. Bonus Issue**

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of shares to the holders of Ordinary shares for no consideration (**Bonus Issue**), the number of shares over which an Option is exercisable will be increased by the number of shares which the holder would have received if the Option had been exercised before the date for calculating entitlements to the Bonus Issue.

**12. Taxation**

Under current taxation laws any taxation liability in relation to the Options, or the shares issued on exercise of the options, will fall on the Plan Participants.

## CORPORATE REPRESENTATIVE FORM

### Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),

Insert name of shareholder company

the Company has appointed:

.....,

Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the annual general meeting of the members of Gascoyne Resources Limited to be held on 16 November 2011 and at any adjournments of that meeting/all meetings of the members of Gascoyne Resources Limited.

DATED ..... 2011

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### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

- Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- Insert the date of execution where indicated.
- Send or deliver the Certificate to the registered office of Gascoyne Resources Limited at PO Box 1449, West Perth, Western Australia, 6872 or fax the Certificate to the registered office at +61 8 9481 0411.

## PROXY FORM

The Secretary  
Gascoyne Resources Ltd  
PO Box 1449  
West Perth WA 6872  
FAX: (08) 9481 0411

### Appointment of Proxy

I/We being a shareholder/s of ..... shares

issued by Gascoyne Resources Limited and entitled to attend and vote hereby appoint

☐

The Chairman  
of the meeting  
(mark with an 'X')

OR

Write here the name of the person you  
are appointing if this person is someone  
other than the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Gascoyne Resources Limited to be held at the Lower Pavilion, Next Generation Kings Park, 21 Kings Park Road, West Perth, WA 6005 on Wednesday, 16 November 2011 at 11.00am (WST) and at any adjournment of that meeting.

### IMPORTANT FOR RESOLUTIONS 1 AND 5

If you do not mark this box and you have not directed your proxy how to vote on Resolutions 1 and 5, the Chairman of the Meeting will not cast your votes on those Resolution(s) and your votes will not be counted in calculating the required majority if a poll is called. By marking this box, you are directing the Chairman of the Meeting to vote in accordance with his voting intentions for Resolutions 1 and 5 as set out below unless you have provided a contrary direction on how to vote by marking the direction boxes below.

☐

If the chairman of the Meeting is to be appointed as your proxy and you have not directed your proxy how to vote on a Resolution please tick this box.

By marking this box you acknowledge that the chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes on the Resolution and your votes will not be counted in computing the required majority if a poll is called on the Resolution. By marking this box you are expressly directing the chairman of the Meeting to vote "For" Resolutions 1 and 5. If you do not want your votes to be cast in favour of Resolutions 1 and 5, you should mark the "Against" or "Abstain" box, in relation to those Resolutions in the section below.

The chairman of the Meeting intends to vote undirected proxies in favour of the Resolutions.

Voting directions to your proxy – please mark ☒ to indicate your directions

### Special Business

- Resolution 1 – Adoption of Remuneration Report  
Resolution 2 – Re-election of Director – Mr Stanley Macdonald  
Resolution 3 – Re-election of Director – Mr Rodney Michael Joyce  
Resolution 4 – Re-election of Director – Mr Gordon Dunbar  
Resolution 5 – Issue of ESOP Options to Mr Michael Dunbar

| For                      | Against                  | Abstain                  |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

 %

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and  
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

## Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes in which case any fraction of votes will be disregarded. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

A Shareholder may direct a proxy how to vote by marking "x" in 1 of the boxes opposite each item of business. All of a Shareholder's votes will be cast in accordance with their direction, unless the Shareholder indicates only a portion of votes are to be cast on any item by inserting the percentage of their voting rights applicable to the proxy appointed by a Proxy Form in the appropriate box. If a Shareholder's proxy is not the chairman of the Meeting and does not vote as directed or is not in attendance at the Meeting, the chairman of the Meeting will be deemed to be the proxy and will cast the Shareholder's votes as directed. If a Shareholder does not mark any of the boxes relating to the items of business, their proxy will vote as he or she chooses. If a Shareholder marks more than 1 box relating to the same item of business any vote by their proxy on that item will be invalid.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

## Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the annual general meeting (WST), being 14 November 2011 at 11am (WST).

- Facsimile: +61 8 9481 0411
- Post: PO Box 1449, West Perth, WA, 6872
- Delivery: Level 2, 33 Ord Street, West Perth