

GASCOYNE RESOURCES LIMITED

ACN 139 522 900

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 10am WST

DATE: Wednesday 7 November 2012

PLACE: The Celtic Club
48 Ord Street
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 Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 3434.

CONTENTS

Notice of Annual General Meeting (setting out the proposed resolutions)	I
Explanatory Statement (explaining the proposed resolutions)	4
Glossary	10
Schedule I – Key Features of Share Option Plan	11
Certificate of Appointment of Corporate Representative	13

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10am WST on Wednesday 7 November 2012 at:

**The Celtic Club
48 Ord Street
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:

- By post to: PO Box 1449, West Perth WA 6872
- By scan and email to: admin@gascoyneresources.com.au
- By facsimile to: +61 8 9481 0411
- In person at: Level 2, 33 Ord Street, West Perth, Western Australia

Please note that the Proxy Form must be received by the Company not later than **10am (WST) on Monday 5 November 2012**.

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 Annual General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 5:00pm (WST) on Monday 5 November 2012 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 ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of the Shareholders of Gascoyne Resources Limited (the **Company**) will be held at The Celtic Club 48 Ord Street, West Perth on Wednesday, 7 November 2012 commencing at 10am WST to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Annual General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the Annual General Meeting.

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS – PERIOD 1 JULY 2011 – 30 JUNE 2012

To receive and consider the annual financial statements, the directors' report and the audit report of Gascoyne Resources Limited for the year ended 30 June 2012.

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

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 purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual remuneration report as set out in the directors' report for the financial year ended 30 June 2012.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by any member of the Key Management Personnel of the Company whose remuneration is included in the remuneration report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

- a. the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b. the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

3. RESOLUTION 2 – RE-ELECTION OF MR GRAHAM RILEY AS A DIRECTOR

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

That Mr Graham Riley, being a Director of the Company, who retires by rotation in accordance with Listing Rule 14.4 and clause 17.4 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

4. RESOLUTION 3 – APPROVAL OF ISSUES UNDER SHARE OPTION PLAN

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

That, for the purpose of Exception 9 of Listing Rule 7.2, and for all other purposes, the issue of options under the Company's Share Option Plan, on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting, be authorized and approved by Shareholders.

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with that Director. However, the Company will not disregard any votes cast on Resolution 3 by a Director if:

- a. the Director is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b. the Director is the Chairman of the Meeting acting 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.

The Company will disregard any votes cast on Resolution 3 by any member of the Key Management Personnel of the Company, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 3 by such person if:

- a. the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b. the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 4 by such person if:

- a. the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b. the person is the Chairman of the Meeting acting 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.

Important note: The proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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 can be detached from the back of this booklet if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary on +61 8 9481 3434 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS



Eva O'Malley
Company Secretary
Gascoyne Resources Limited

4 October 2012

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

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 Third Annual General Meeting.

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 in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Annual General Meeting, please contact the Company Secretary, your stockbroker or other professional adviser.

1. ANNUAL FINANCIAL STATEMENTS

The Corporations Act requires the annual financial report, directors' report and the auditor's report (**Annual Financial Statements**) to be received and considered at the Annual General Meeting. The Annual Financial Statements for the period ended 30 June 2012 are included in the Company's Annual Report, a copy of which can be accessed on-line at www.gascoyneresources.com.au. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

The Company's auditor, Grant Thornton, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

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:

- a. the preparation and content of the auditor's report;
- b. the conduct of the audit;
- c. accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- d. the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than Wednesday 31 October 2012:

- By post to: PO Box 1449, West Perth WA 6872
- By scan and email to: admin@gascoyneresources.com.au
- By facsimile to: +61 8 9481 0411
- In person at: Level 2, 33 Ord Street, West Perth, Western Australia

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

2.1 Background

Pursuant to Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2012 (the **Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (the **Directors' Report**) which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Company's 30 June 2012 Annual Report. The Annual Report is available on the Company's website at www.gascoyneresources.com.au.

By way of summary, the Remuneration Report:

- a. explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- b. addresses the relationship between the Company's remuneration policy and the Company's performance; and
- c. sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2012.

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

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

2.2 Regulatory Requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General 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 less than a 25% "no" vote.

In addition, the Corporations Act 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 must stand for re-appointment (other than the Managing Director). If the spill resolution is approved at the annual general meeting 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).

The Company's Remuneration Report did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 16 November 2011.

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".

2.3 Board Recommendation

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

3. RESOLUTION 2 – RE-ELECTION OF MR GRAHAM RILEY

3.1 Background

In accordance with Listing Rule 14.5 and clause 17.4 of the Company's Constitution, at every annual general meeting an election of Directors must take place. Listing Rule 14.4 and clause 17.4 of the Company's Constitution prevent a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

The Directors to retire are those Directors who have been in office for 3 years since their appointment.

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

Mr Riley is a qualified legal practitioner, having gained his Bachelor of Laws and Bachelor of Jurisprudence Degrees. After 10 years legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Graham was the Non-Executive Chairman of Giralia Resources NL and Red Hill Iron Limited and a Director of Adelphi Energy NL prior to their takeovers. He was also a Director of Arc Energy Limited. He is currently the Non-Executive Chairman of Buru Energy Limited and Entek Energy Limited and sits as a Non-Executive on the board of Target Energy Limited.

Further details about Mr Graham Riley are set out in the Company's 30 June 2012 Annual Report which is available at www.gascoyneresources.com.au.

3.2 Board Recommendation

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

4. RESOLUTION 3 – APPROVAL OF ISSUES UNDER SHARE OPTION PLAN

4.1 Background

Prior to being admitted to the official list of the ASX on 11 December 2009, the Company established a share option plan (**Share Option Plan**). A summary of the terms of the Share Option Plan was set out in the Company's prospectus lodged with ASIC in respect of the Company's listing on the ASX.

In accordance with Listing Rule 7.2 (Exception 9(b)), the Company is only able to issue securities under the Share Option Plan without decreasing the Company's annual 15% placement capacity under Listing Rule 7.1 for a maximum period of three years.

As this three year period will expire on 11 December 2012, Resolution 3 seeks fresh shareholder approval pursuant to Listing Rule 7.2 (Exception 9(b)) to allow the Company to issue securities under the Share Option Plan (as amended) for a further three year period following the Annual General Meeting.

In the absence of such approval, the Company can still issue securities under the Share Option Plan however such issue would be counted towards the Company's 12 month 15% placement capacity under Listing Rule 7.1.

4.2 Features of the Option Plan

A summary of the key features of the Company's current Share Option Plan is set out in Schedule I of this Notice of Annual General Meeting.

4.3 Number of Securities Issued Under the Scheme

The number of securities issued under the scheme since the date the Share Option Plan was last approved by shareholders totals 5,500,000, the details of which are set out in the table below.

Issue Date	Expiry Date	Number	Exercise Price
Immediately prior to listing on ASX	30 November 2011	2,200,000	\$0.25
9 December 2010	30 November 2011	500,000	\$0.25
12 September 2011	31 August 2014	1,000,000	\$0.40
16 November 2011	16 November 2013	1,800,000	\$0.40
Total		5,500,000	

4.4 Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

4.5 Board Recommendation

The Board believes that the continuation of the Share Option Plan is beneficial for the Company as it allows the alignment of the Company's and employees interest by encouraging employee financial participation in the Company's shares. Accordingly, the Board recommends Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

5.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 4 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to **section 5.2(b)** of this Notice of Annual General Meeting below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

5.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

a. Minimum Issue Price

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue one class of quoted Equity Securities, namely Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. the date on which the Equity Securities are issued; or
- ii. the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

b. Dilution

As at the date of this Notice of Annual General Meeting, the Company has 136,619,520 Shares on issue. If Shareholders approve Resolution 4, the Company will have the capacity to issue approximately 12,661,952 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- A. plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- B. plus the number of partly paid shares that became fully paid in the 12 months;
- C. plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- D. less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues. There is a risk that:

- i. the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- ii. the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The below table also shows:

- i. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- ii. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.13 50% decrease in Issue Price	\$0.26 Issue Price	\$0.39 50% increase in Issue Price
Current Variable A 126,619,520 Shares	Shares issued	12,661,952 New Shares	12,661,952 New Shares	12,661,952 New Shares
	Funds raised	\$1,646,054	\$3,292,108	\$4,938,161
50% increase in current Variable A 189,929,280 Shares	Shares issued	18,992,928 New Shares	18,992,928 New Shares	18,992,928 New Shares
	Funds raised	\$2,469,081	\$4,938,161	\$7,407,242
100% increase in current Variable A 253,239,040 Shares	Shares issued	25,323,904 New Shares	25,323,904 New Shares	25,323,904 New Shares
	Funds raised	\$3,292,108	\$6,584,215	\$9,876,322

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
2. No Options are exercised into Shares before the date of the issue of the Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
7. The issue price is 26 cents, being the closing price of the Shares on ASX on 1 October 2012.

c. Issue Period

If Shareholders approve Resolution 4, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- i. the date that is 12 months after the date of the Annual General Meeting; and
- ii. the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period.

d. Purpose of Issues

The Company may seek to issue the Equity Securities for the following purposes:

- i. non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

e. Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- ii. the effect of the issue of the Equity Securities on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

f. Previous issues of Equity Securities under Listing Rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

g. Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

5.3 Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 4.

GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited.
Board	board of Directors.
Chairman	chairman of the Annual General Meeting.
Company	Gascoyne Resources Limited ABN 57 139 522 900.
Constitution	constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of Annual General Meeting.
KMP	key management personnel of the Company (as defined in Section 9 of the Corporations Act).
Listing Rules	listing rules of the ASX.
Meeting or Annual General Meeting	the annual general meeting convened by this Notice of Annual General Meeting.
Notice of Annual General Meeting or Notice of Meeting	this notice of Annual General Meeting.
Option	option to subscribe for a Share.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.
Schedule	schedule to this Notice of Annual General Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
WST	Australian Western Standard Time.

SCHEDULE I – KEY FEATURES OF SHARE OPTION PLAN

1. Participants in the Plan

The Board may offer free Options to persons (**Plan Participants**) who are Directors, senior executives, employees or consultants of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment or engagement, potential contribution to the Company in the future and other factors the Board considers relevant.

Upon receipt of such an offer, the Plan Participant may nominate a nominee acceptable to the Board to be issued with the Options.

2. Number of Options

The maximum number of Options issued under the Plan over a 5 year period is 5% of the total number of fully paid ordinary shares on issue in the Company.

3. Terms of Options

- a. An uncertified holding statement will be issued for the Options;
- b. The Options shall expire on the earliest of the relevant dates set out below (**Expiry Date**):
 - i. the date on which the Plan Participant's appointment with the Company is terminated for cause;
 - ii. 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;
 - iii. 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;
 - iv. 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 possible after the Company convenes the aforementioned meeting; and
 - v. the date specified by the Board upon the grant of an Option.
- c. Each Option shall carry the right in favour of the Plan Participant to subscribe for one (1) Share.
- d. Shares allotted to Plan Participants on exercise of Options shall be issued at an exercise price determined by the Board in its discretion (**Exercise Price**) provided that in no event shall the Exercise Price be less than the weighted average sale price of Shares sold on ASX during the five Business Days prior to the Issue Date or such other period as determined by the Board in its discretion.
- e. The Exercise Price of Shares the subject of the Options shall be payable in full on exercise of the Options.
- f. The Options held by each Optionholder 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:
 - i. exercise all or a specified number of Options; and
 - ii. 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.
- g. 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.
- h. Options shall not be listed for Official Quotation on ASX.
- i. The Options are not transferable except to an associate (as defined in the Corporations Act) of the Plan Participant or nominee approved by the Board in its discretion.

- j. 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.
- k. 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.
- l. 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.
- m. Subject to paragraph (l.) the Plan Participant shall have no rights 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.
- n. 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.
- o. 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.
- p. If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to the holders of 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.

4. 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.

5. Participation by Directors

Although Directors are eligible to be offered Options under the Plan, this requires specific shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

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 Wednesday, 7 November 2012 commencing at 10am (WST) and at any adjournments of that annual general meeting.

DATED2012

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)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (e.g "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 (e.g director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Gascoyne Resources Limited at Level 2, 33 Ord Street, West Perth, Western Australia 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

Step 1. Appoint a Proxy to Vote on Your Behalf

I/We being a Shareholder/s of 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 Chairman sees fit) at the Annual General Meeting of Gascoyne Resources Limited to be held in Perth on Wednesday, 7 November 2012 at The Celtic Club, 48 Ord Street West Perth, commencing at 10 am (WST) and at any adjournment of that Annual General Meeting.

Important for Resolutions 1 and 3 – If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking the box below, you are expressly authorising the Chairman of the Annual General Meeting to exercise your proxy on Resolutions 1 and 3 as set out below.

If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1 and 3 the Chairman of the Annual General Meeting will not cast your votes on Resolutions 1 and 3 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. If you appoint the Chairman of the Annual General Meeting as your proxy you can direct the Chairman how to vote by either marking the individual resolution boxes below (for example if you wish to vote against or abstain from voting) or by marking the box (in which case the Chairman of the Meeting will vote in favour of Resolutions 1 and 3). The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolutions 1 and 3.

☐

I/We expressly authorise the Chairman of the Annual General Meeting to exercise my/our proxy on Resolutions 1 and 3. I/We acknowledge that the Chairman of the Annual General Meeting may exercise my/our proxy even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Annual General Meeting has an interest in the outcome of these Resolutions 1 and 3 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

Step 2. Items of Business

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

Ordinary Business

Resolution 1 Adoption of Remuneration Report (Non-binding Resolution)

Resolution 2 Re-election of Mr Graham Riley as a Director

For Against Abstain*

☐☐☐☐☐☐

Special Business

Resolution 3 Approval of issues under Share Option Plan

Resolution 4 Approval of Additional 10% Placement Facility

☐☐☐☐☐☐

*If you mark the Abstain box for a 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

Shareholder 2

Shareholder 3

Sole Director and
Sole Company Secretary

Director

Director/Company Secretary

CONTACT NAME: CONTACT TELEPHONE NO:

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

Your name and address are printed as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

If you direct your proxy how to vote validly in accordance with these instructions and your proxy fails to either attend the Meeting or vote on any directed Resolution, the Chairman of the Meeting is taken to have been appointed as the proxy for the purposes of voting on that Resolution at the Meeting and must vote in accordance with your proxy.

Voting entitlements

In accordance with the Corporations Act, the Company has determined that the Shareholding of each person for the purpose of determining entitlements to attend and vote at the Meeting will be the entitlement of that person set out in the Company's share register as at 5:00pm (WST) on 5 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting in person

A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on +61 8 9481 3434 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to Section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Lodging your proxy form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting being no later than 10am (WST) on 5 November 2012. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

- By post to: PO Box 1449, West Perth WA 6872
- By scan and email to: admin@gascoyneresources.com.au
- By facsimile to: +61 8 9481 0411
- In person at: Level 2, 33 Ord Street, West Perth, Western Australia