

GASCOYNE RESOURCES LIMITED

ACN 139 522 900

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 1pm WST

DATE: Thursday, 24 November 2016

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 contact the Company Secretary on +61 8 9481 3434.

CONTENTS

Notice of Annual General Meeting (setting out the proposed resolutions)	1
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	15
Annexure A – Key Features of Employee Share Option Plan	17
Corporate Representative Appointment Form	21

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 1pm WST on Thursday, 24 November 2016 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 accompanying Proxy Form and return:

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

Please note that the Proxy Form must be received by the Company not later than **1pm (WST) on Tuesday, 22 November 2016**.

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 4 pm (WST) on **Tuesday, 22 November 2016** 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 Thursday, **24 November 2016 commencing at 1pm 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 2015 – 30 JUNE 2016

To receive and consider the Annual financial Statements, the Directors' Report and the Audit Report of the Company for the year ended 30 June 2016.

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 2016."

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 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 JOHN DEN DRYVER AS A DIRECTOR

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

“That Mr John den Dryver, 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.”

SPECIAL BUSINESS

4. RESOLUTION 3 – APPROVAL OF EMPLOYEE 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 purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Company’s Share Option Plan, and the issue of options under the Employee Share Option Plan, on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting, be approved by Shareholders.”

Voting exclusion: The Company will disregard any votes cast on Resolution 3 by:

- (a) a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- (b) an Associate of the Director.

However, the Company will not disregard any votes cast on Resolution 3 by any 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.

The Company will also disregard any votes cast on Resolution 3 by:

- (a) 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.

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 FOR THE ISSUE OF OPTIONS UNDER THE COMPANY’S EMPLOYEE SHARE OPTION PLAN TO THE COMPANY’S MANAGING DIRECTOR, 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 and for all other purposes, Shareholders approve for the grant of up to 3,000,000 Options to Mr Michael Dunbar or his nominee under the Company’s Employee Share Option Plan on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by:

- (a) a Director of Gascoyne Resources Ltd, or any of related body corporate; and
- (b) an Associate of such a Director.

However, the Company will not disregard any votes cast on Resolution 4 by any 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.

If you are a Director of the Company or an Associate of a Director 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.

6. RESOLUTION 5 – APPROVAL FOR THE ISSUE OF SHARES IN GASCOYNE RESOURCES LTD

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

“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of up to 50 million new Shares to institutional and professional and sophisticated investors on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on Resolution 5 by:

- (a) a person who may participate in the proposed issue and a 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
- (b) an associate of that person.

However, the Company will not disregard any votes cast on Resolution 5 by any 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 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 remainder of this page has been intentionally left blank)

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:

- (c) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (d) a proxy need not be a member of the Company; and
- (e) 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 accompanying 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 accompanies this Notice.

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



David Lim

Company Secretary
Gascoyne Resources Limited
14 October 2016

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 2016 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 2016 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 Monday, 13 November 2016:

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

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 2016 (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 2016 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 2016.

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 vote on this resolution is advisory only and doesn't bind the Board or the Company. 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.

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 23 November 2015.

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 JOHN DEN DRYVER

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 John Den Dryver retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Further details about Mr John den Dryver are set out in the Company's 30 June 2016 Annual Report which is available at www.gascoyneresources.com.au.

3.2 Board Recommendation

The Directors (other than Mr John Den Dryver) unanimously recommend that Shareholders vote in favour of Resolution 2.

4 RESOLUTION 3 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

4.1 Background

The Listing Rules generally restrict listed companies from issuing more the 15% of their issued capital.

At the Company's 2015 Annual General Meeting shareholder approval was received to refresh the Company existing Share Option Plan.

The Company is seeking Shareholder approval to implement a new Employee Share Option Plan (**ESOP**) in order to ensure that the plan rules comply with relevant legislation, and to allow for the cashless exercise of options at the election of the Participant.

Under the cashless exercise of options mechanism, optionholders can offset the total exercise price against the total value of the shares the optionholders would otherwise be entitled to receive on exercise, so that the number of shares issued by the Company on exercise of the options is reduced by the number of shares whose value is equal to the total exercise price. This facility would allow optionholders to off-set the exercise price, and receive shares to the value of the surplus.

The ESOP is intended to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The ESOP is further designed to assist in attracting and retaining employees.

A copy of the Company's ESOP will be made available for inspection at the Meeting.

A summary of the key features of the Company's ESOP is set out in **Annexure A** of this Notice of Annual General Meeting.

4.2 Requirement for shareholder approval

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the establishment or operation of the Company's ESOP. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an ESOP that has been approved by shareholders

and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the ESOP.

If an offer is made to a Director to participate in the Company's ESOP then separate Shareholder approval is required prior to securities being issued to Directors under the ESOP.

4.3 Number of Securities Issued Under the Scheme

No securities have been issued under the scheme since the date the previous Employee Share Option Plan was last approved by shareholders

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 adoption of the Employee Share Option Plan is beneficial for the Company as it allows the alignment of the Company's and employees' interests by encouraging employee financial participation in the company's shares. Accordingly, the Board unanimously recommends Shareholders vote in favour of Resolution 3.

5 RESOLUTION 4 – APPROVAL FOR THE ISSUE OF OPTIONS UNDER THE COMPANY'S EMPLOYEE SHARE OPTION PLAN TO THE COMPANY'S MANAGING DIRECTOR, MR MICHAEL DUNBAR

5.1 Background

Resolution 4 seeks Shareholder approval to grant and issue 3,000,000 ESOP Options under the Company's ESOP to Mr Michael Dunbar (or his nominee) on the terms set out in Annexure A.

The ESOP Options issued to Mr Michael Dunbar (or his nominee) will be exercisable at a price that is 40% greater than the VWAP of the Shares on ASX for the 5 trading days prior to the date of issue of the ESOP options. The ESOP options will vest immediately on grant. The ESOP Options will expire three years after the date of issue.

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 the Managing Director of the Company, is to provide an incentive for future services he will provide to the Company and an acknowledgement of past service.

The regulatory requirements of the Corporations Act and ASX Listing Rules are summarised below.

5.2 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 either:

- (a) the giving of the financial benefit falls within one of the exceptions in section 210 to 217 of the Corporations Act; or
- (b) 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.

Section 211 of the Corporations Act provides an exception for a financial benefit that is remuneration to an officer or employee of the Company and to give the remuneration is

reasonable given the circumstances of the Company and the related party's circumstances (including the responsibilities involved in such office or employment).

The Board, other than Messrs. Gordon, and Michael Dunbar who has an interest in Resolution 4, considers (for reasons including those set out in paragraph 5.5 (e) below) that the financial benefit falls within the reasonable remuneration exception in section 211 such that Shareholder approval is not required under Part 2E.1 of the Corporations Act. Shareholder approval will be sought under the ASX Listing Rules as required by ASX Listing Rule 10.14.

5.3 ASX Listing Rules 10.11 and 10.14

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.

5.4 Information required for approval under Listing Rule 10.14

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 the Company's Managing Director, Mr Michael Dunbar (or his nominee).
- (b) If Resolution 4 is passed by Shareholders, the maximum number of ESOP Options to be granted to Michael Dunbar (or his nominee) is 3,000,000.
- (c) The ESOP Options will be issued for nil consideration, on terms and conditions set out in Annexure A, 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 ESOP was last approved on 23 November 2015.
- (e) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the ESOP are:
 - (i) Rodney Michael Joyce;
 - (ii) Michael Dunbar;
 - (iii) Gordon Dunbar;
 - (iv) Stanley Macdonald;
 - (v) Graham Riley; and
 - (vi) John den Dryver,

based on a number of criteria including contribution to the company in the future and other factors the Board considers relevant.

- (f) A voting exclusion statement is included in the Notice.
- (g) No loan is being provided by the Company to Mr Michael Dunbar for the acquisition of the ESOP Options.
- (h) The ESOP Options will be allotted and issued to Mr Michael Dunbar 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). All of the ESOP Options to be issued to Mr Michael Dunbar will vest immediately.

5.5 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) Interest of Mr Michael Dunbar in the Company

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 1.54% of the current issued Share capital of the Company on a fully diluted basis.

	Ordinary Shares	Unlisted ESOP Options exercisable at \$0.26 expiring 15 November 2016
Michael Dunbar	1,650,000	2,300,000

(b) Dilution

If the ESOP Options the subject of this Resolution are exercised, the Company's issued Share capital will increase by 3,000,000 Shares representing 1.18% of the issued share capital of the Company (assuming no other securities are issued or exercised), diluting other Shareholders by a corresponding amount.

(c) Valuation of ESOP Options

The ESOP Options are not to be quoted on ASX and as such have no readily ascertainable market value. The ESOP Options are capable of being converted to Shares by the payment of the exercise price of (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 4, the following assumptions were applied:

Valuation Date	7 October 2016
Market Price of Shares (at Valuation Date)	60 cents
Exercise Price	84 cents
Expiry Date	6 October 2019
Risk Free Interest Rate	2.5%
Volatility	100%
Dividend yield	0%
Indicative value per ESOP Option:	34.34 cents

The indicative value of the financial benefit to be provided to Mr Michael Dunbar of the ESOP Options is set out below:

	Value per ESOP Option	Number of ESOP Options	Total Value of ESOP Options
Michael Dunbar	34.34 cents	3,000,000	\$1,030,200

(d) 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 4 are as follows:

	Total salary/fees* (\$ p.a.)	Total Value of ESOP Options (\$)	Total financial benefit (\$)
Michael Dunbar	300,000	1,030,200	1,030,200

* inclusive of superannuation contributions

(e) Other information

The Board consider that the issue of ESOP Options to Mr Michael Dunbar is a cost effective and efficient means of incentivisation as opposed to alternative forms of incentives such as cash bonuses or increased remuneration, especially when considering the current stage of the Company's operations and available funds.

The Company considers that, to enable the Company to secure and retain employees and directors who can assist the Company in achieving its objectives, it is necessary to provide adequate remuneration and incentives to such personnel. The issue of the ESOP Options is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

The Company reviewed the practices of other companies of a similar size and stage of development to determine the number of ESOP Options required to be issued to attract and retain senior directors. Based on that review, the Board determined the number of ESOP Options to be issued to Mr Michael Dunbar in Resolution 4 to be appropriate and reasonable.

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 Resolution 4.

5.6 Board recommendation

The Directors do not consider that from an economic and commercial point of view, there aren't any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the ESOP Options to Mr Michael Dunbar.

The Directors, save Messrs. Gordon and Michael Dunbar, recommend that Shareholders vote in favour of Resolution 4. Mr Gordon Dunbar who is a close family relative of Mr Michael Dunbar, and Mr Michael Dunbar who has a material personal interest in the outcome of Resolution 4 decline to make a recommendation in respect of Resolution 4.

6 RESOLUTION 5 – APPROVE THE ISSUE OF UP TO 50,000,000 MILLION SHARES IN GASCOYNE RESOURCES

6.1 Background

The Company is currently in the process of finalising its Feasibility Study into the proposed development of the Dalgaranga Gold Project, located in the Murchison region of Western Australia. Should the results of the Feasibility Study be positive it is anticipated that the Board will approve the commencement of development of the project shortly afterwards.

6.2 Project Funding

In order to ensure maximum flexibility of funding options for the development of Dalgaranga Gold Project, the Company is seeking shareholder approval to issue up to 50,000,000 million new Shares (Placement Facility) during the three month period after the Meeting (or a longer period, if allowed by ASX). The Company has not agreed or arranged to issue the Shares and there is no certainty that it will proceed with the issue.

The approval of Resolution 5 provides the Company with the ability to place new Shares to institutional, professional and sophisticated investors under section 708 of the Corporations Act in an efficient manner and in a very short timeframe, thereby reducing the financing risk for the Company during the current period of gold price and market volatility. The Placement Facility will enable the Company to introduce leading institutional investors who have the financial capacity to continue to fund the Company's development of the Dalgaranga Gold Project. The Directors will assess the suitability of utilising a share purchase plan at the time the Placement Facility is used. The flexibility provided by the approval of Resolution 5 should place the Company in a stronger position to negotiate and secure debt facilities and enable the Company to react quickly to investor appetite to participate in providing equity funding as we release updates on our projects over the coming months.

Resolution 5 seeks Shareholders' approval in accordance with Listing Rule 7.1 for the Directors to allot and issue the Shares under the Placement Facility. The effect of passing Resolution 5 will be to allow the Directors to issue the Shares during the three month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1. The Company has not yet made any agreement or arrangement to issue the Shares or the number of Shares to be issued (other than a maximum of 50,000,000 Shares), and there is no certainty that it will proceed with the issue.

6.3 Details of proposed share issue

For the purposes of Listing Rule 7.3, information regarding the Placement Facility is provided as follows:

- (a) The maximum number of securities the Company may issue under the Placement Facility is 50,000,000 Shares;
- (b) The Shares under the Placement Facility will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of Listing Rule 7.3.2);

- (c) The Shares to be issued under the Placement Facility will be issued at a minimum issue price of no less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made or, if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus, product disclosure statement or offer information statements is signed;
- (d) As subscriptions to the Placement Facility have not yet been arranged, the allottees will be identified at the Directors' discretion, but will not be related parties or associates of related parties of the Company;
- (e) The new Shares to be issued will be fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing Shares;
- (f) The funds proposed to be raised by the Company from this Placement Facility will be used to fund the development of the Dalgara Gold Project, including the construction of the proposed gold processing plant, associated infrastructure and mining activities;
- (g) Allotment of the Shares to be issued under the Placement Facility may occur progressively; and
- (h) A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Statement

6.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5. This will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% placement capacity permitted by Listing Rule 7.1

GLOSSARY

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

Annexure	an annexure to this Notice.
Associate	has the meaning given to that term in the Listing Rules.
Annual Report	the Company's annual report for the financial year ended 30 June 2016, as released to the ASX on 25 September 2015
ASX	ASX Limited.
Board	the board of Directors.
Bonus Issue	a pro rata issue of Shares to the holders of Shares for no consideration.
Chairman	the chairman of the Annual General Meeting.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependant of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the Corporations Regulations 2001 (Cth).
Company or Gascoyne	Gascoyne Resources Limited ACN 139 522 900.
Company Secretary	the secretary of the Company.
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	director of the Company.
Director's Report	the annual directors' report of the Company.
Employee Share Option Plan	has the meaning given in section 4.1 of this Explanatory Statement.
Equity Securities	has the meaning given to that term in the Listing Rules.
Exercise Price	the exercise price of options issued under the Employee Share Option Plan determined by the Board in its discretion.
Expiry Date	has the meaning given in section 3(b) of Annexure A of this Notice.
Explanatory Statement	the explanatory statement that accompanies this Notice.

Key Management Personnel	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.
Notice or Notice of Annual General Meeting or Notice of Meeting	this notice of Annual General Meeting.
Option	an option to subscribe for a Share.
Placement Facility	has the meaning given in section 6.2 of this Explanatory Statement.
Participant	has the meaning given in section 1 of Annexure A of this Explanatory Statement.
Proxy Form	the proxy form enclosed with this Notice.
Remuneration Report	the Company's remuneration report for the year ended 30 June 2016.
Resolution	resolution contained in this Notice.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
VWAP	volume weighted average price as defined in the Listing Rules.
WST	Australian Western Standard Time.

ANNEXURE A – KEY FEATURES OF THE EMPLOYEE SHARE OPTION PLAN (ESOP)

1. Participants in the ESOP

The Board may offer Options to persons (**Eligible Persons**) who are Directors, employees or contractors of the Company or any Associated Body Corporate, 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.

The Eligible Person must notify the Company in writing, of their acceptance (or not) of the offer in the time period advised by the Company. On acceptance of the offer the Eligible Person agrees to become a Participant in the ESOP and to be bound by its rules.

Upon receipt of such an offer, the Eligible Person 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 ESOP or any previous employee share option scheme, over a 3 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) Options will not be listed for quotation on the Australian Securities Exchange.
- (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) A Participant may only transfer an Option granted under the Plan:
 - (i) with the consent of the Board; or
 - (ii) by force of law upon death or disability to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (f) The Options shall expire on the earliest of the relevant dates set out below:
 - (i) Unvested Options:
 - (A) close of business on the Expiry Date;
 - (B) the Performance Condition(s) (if any) not being satisfied prior to the end of the Performance Period(s) specified by the Board in accordance with the plan rules by which the Performance Conditions were required to be satisfied;
 - (C) the transfer or purported transfer of the Option in breach of plan rules ;
 - (D) the day that is 30 days following the date the Participant ceases to be employed or engaged by the Company or an Associated Body Corporate by virtue of the Participant resigning voluntarily and the Participant has not recommenced employment with the Company or an Associated Body Corporate before the expiration of those 30 days;

- (E) the day which is 30 days following the date the Participant ceases to be employed or engaged by the Company or an Associated Body Corporate by reason of his or her death, disability, bona fide redundancy, or any other reason with the approval of the Board and the Participant has not recommenced employment with the Company or an Associated Body Corporate before the expiration of those 30 days;
 - (F) termination of the Participant's employment or engagement with the Company or an Associated Body Corporate on the basis that the Participant acted fraudulently, dishonestly, in breach of the Participant's obligations or otherwise for cause;
 - (G) the day which is 6 months after an event which gives rise to a vesting under paragraph 3(p).
- (ii) For vested options:
 - (A) close of business on the Expiry Date;
 - (B) the transfer or purported transfer of the Option in breach of plan rules;
 - (C) termination of the Participant's employment or engagement with the Company or an Associated Body Corporate on the basis that the Participant acted fraudulently, dishonestly, in breach of the Participant's obligations or otherwise for cause;
 - (D) the day which is 6 months after an event which gives rise to a vesting under paragraph 3(p).
- (g) Vested Options held by each Participant may be exercised in whole or in part at any time up to and including the dates set out in paragraph 3(f)(i) above by the delivery to the registered office of the Company a notice in writing stating the election of the 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; or
 - (iii) where the Board has determined on or before the Option grant date to allow the Participant to use the Cashless Exercise Facility provided in the ESOP, by providing the Company with notice of an election to use the Cashless Exercise Facility to pay the Exercise Price.

The Cashless Exercise Facility entitles a Participant to set-off the Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Exercise Price has been set-off.

If a Participant elects to use the Cashless Exercise Facility, the Participant will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the sum of the Exercise Price otherwise payable for the Options and the then market value of the Shares at the time of exercise (determined as the volume weighted average closing price of Shares on the ASX over the five trading days prior to exercise).

- (h) Where Options are issued subject to performance conditions, the Option may only be exercised if the performance condition has been satisfied or waived.
- (i) On the exercise of Options the Company shall allot the resultant Shares within 30 days of the exercise of Options and deliver either a share certificate or uncertified holding statement within 5 business days of the allotment of Shares.
- (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 the Australian Securities Exchange.
- (l) In the event of a reconstruction (including consolidation, subdivision, reduction or return of the issued capital of the Company), prior to the expiry of any Options, the number of Options to which each Participant is entitled or the Exercise Price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.
- (m) If the Company offers a pro rata issue of securities to holders of Shares, the Exercise Price in respect of any unexercised Options may be adjusted in accordance with the adjustment formula for pro rata issues set out in the Listing Rules.
- (n) If the Company makes a bonus issue of securities to holders of Shares, the rights of a Participant in respect of an unexercised Option will be modified such that the Participant will receive, upon exercise of an Option, one Share plus such additional securities which the Participant would have received had the Participant been entitled to participate in the bonus issue by virtue of its holding of an Option.
- (o) Subject to paragraphs and (l)-(n) a 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.
- (p) 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 control the composition of 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.

Subject to board approval, during a Takeover Period, a Participant may transfer their Options to a bidder or bidder's nominee in accordance with the Corporations Act.
- (q) There are no participating rights or entitlement inherent in the Options and 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 with the requirement of the Listing Rules or applicable law so as to afford Participants the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- (r) a Participant is not entitled to participate in or receive any dividend or other shareholder benefits until its Options have vested and been exercised and Shares have been allocated to the Participant as a result of the exercise of those Options.

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 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 Thursday, 24 November 2016 commencing at 1pm (WST) and at any adjournments of that annual general meeting.

DATED 2016

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 (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 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

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' in box to the left) **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 Thursday 24 November 2016 at The Celtic Club, 48 Ord Street West Perth, commencing at 1pm (WST)** and at any adjournment of that Annual General Meeting.

Chairman authorised to exercise proxies on remuneration related matters (Resolutions 1,3 and 4) If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 1,3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1,3 and 4 is connected directly or indirectly with the remuneration of a member of Key Management Personnel for Gascoyne Resources Limited, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you wish to give the Chairman specific voting directions on an item, you should mark the appropriate box opposite those items below (directing the Chairman to vote for, against, or to abstain from voting).

Step 2. Items of Business

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

		For	Against	Abstain*
Ordinary Business				
Resolution 1	Adoption of Remuneration Report (Non-binding Resolution)	☐	☐	☐
Resolution 2	Re-election of Mr John den Dryver as a Director	☐	☐	☐
Special Business				
Resolution 3	Approval of Employee Share Option Plan	☐	☐	☐
Resolution 4	Approval for the issue of Options under the Company's Employee Share Option Plan to the Company's Managing Director, Mr Michael Dunbar	☐	☐	☐
Resolution 5	Approval for the Issue of Shares in Gascoyne Resourced Ltd	☐	☐	☐

*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 on next page)

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

How to complete this Proxy Form

Your Name and Address

Please print your name and address 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 4pm (WST) on Tuesday, 22 November 2016**. 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 1pm (WST) on Tuesday, 22 November 2016**. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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