

3<sup>rd</sup> December 2009

Ms E Harris  
Senior Adviser, Issuers (Perth)  
ASX Markets Supervision Pty Ltd  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Ms Harris

### **GASCOYNE RESOURCES LIMITED – ESCROWED SECURITIES AND IN-SPECIE DISTRIBUTIONS**

Gascoyne Resources Limited ("**Company**") confirms that a total of 34,125,000 fully paid ordinary shares in the Company ("**Shares**") and 1,950,000 options to subscribe for Shares ("**Options**") have been escrowed for 24 months from the date of official quotation of the Company's securities ("**Restriction Period**").

The securities subject to escrow and the holders of those securities are set out below:

- (a) 19,500,000 Shares held by Helix Resources Limited ("**Helix**");
- (b) 14,625,000 Shares held by Giralia Resources Limited ("**Giralia**");
- (c) 750,000 Options exercisable at \$0.25 each on or before 30 November 2011 held by Gordon Dunbar;
- (d) 400,000 Options exercisable at \$0.25 each on or before 30 November 2011 held by Graham Riley;
- (e) 400,000 Options exercisable at \$0.25 each on or before 30 November 2011 held by John den Dryver; and
- (f) 400,000 Options exercisable at \$0.25 each on or before 30 November 2011 held by Greg Wheeler.

The Company confirms that it has entered into restriction agreements with each of the above holders of escrowed securities.

The Company also confirms it has been granted a waiver from ASX to permit the restriction agreements with Helix and Giralia to be varied to enable Helix and Giralia to carry out in-specie distributions of the 16 million Shares issued to Helix and 12 million Shares issued to Giralia pursuant to the Tenement Acquisition Agreement between the Company, Helix, Giralia and Gascoyne Resources (WA) Pty Ltd dated 14 October 2009. The Company understands that Helix will also distribute an additional 100 Shares not subject to escrow to its shareholders, meaning a total of 16,000,100 Shares will be distributed by Helix in-specie.

Shares distributed pursuant to the in-specie distributions to related parties or promoters of the Company, Helix or Giralia, or their associates ("**Related Parties**") will be held in escrow from the effective date of the in-specie distributions to the end of the original Restriction Period. The Company will enter into new restriction agreements with each of those Related Parties.

Shares the subject of the in-specie distributions which are received by shareholders of Helix and Giralia (other than Related Parties) will cease to be subject to restriction after their despatch.

The Company understands that a meeting of shareholders to approve the in-specie distributions will be held by Helix on 8 February 2010 and by Giralia on or about the same date (and in any event no later than two months after the commencement of official quotation of the Company's securities). If approval is obtained, the record date for the in-specie distributions will be the date which is five business days after the meeting of shareholders.

The Company understands that Helix and Giralia will despatch the shares the subject of the in-specie distributions shortly after the record date (and in any event, within six months of the commencement of official quotation of the Company's securities). After the listing of the Company, Giralia and Helix will provide at least one month's notice of the proposed despatch date to their shareholders.

The Company's restriction agreements with Helix and Giralia will otherwise remain in full force and effect with respect to the remainder of the Shares held by Helix and Giralia which are not distributed in-specie.

The 2010 annual report of the Company, Helix and Giralia will state the number of the Company's securities the subject of each in-specie distribution.

If you have any queries please contact the undersigned.

Yours faithfully



**G DUNBAR**  
**Managing Director**