

HELIX RESOURCES LIMITED
ACN 009 138 738

Notice of General Meeting
Explanatory Statement
and Proxy Form

General Meeting to be held at
Celtic Club
48 Ord Street, West Perth WA
on 8 February 2010
commencing at 10am WST.

This Notice of 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.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the shareholders of Helix Resources Limited ("**Company**") will be held at Celtic Club 48 Ord Street, West Perth WA on 8 February 2010 commencing at 10am WST.

1. REDUCTION OF CAPITAL AND DISTRIBUTION IN SPECIE

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

"That, for the purposes of Section 256C(1) of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro-rata in specie distribution of approximately 16,000,100 fully paid ordinary shares in Gascoyne Resources Limited ACN 139 522 900 to all holders of ordinary shares in the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

EXPLANATORY STATEMENT

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

Shareholders are referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in the Explanatory Statement.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the 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.

"SNAP SHOT" TIME

The Directors have determined that all Shares of the Company that are quoted on ASX at 5pm WST on 6 February 2010 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

By Order of the Board of Directors



Greg J Wheeler
Managing Director
Helix Resources Limited
6 January 2010

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 General Meeting convened for 8 February 2010.

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 resolution in the accompanying Notice of Meeting.

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

1 REDUCTION OF CAPITAL AND DISTRIBUTION IN SPECIE

1.1 Overview

The Company is the holder of 20,000,100 fully paid ordinary shares in Gascoyne Resources Limited ("Gascoyne"). Gascoyne has been admitted to the official list of ASX and Gascoyne Shares began trading on ASX on 11 December 2009.

The Company now intends to undertake the in specie distribution of 16,000,100 of its Gascoyne Shares to its Shareholders on a pro-rata basis (which is the subject of the resolution being put to Shareholders). Subject to obtaining such Shareholder approval, it is anticipated that this will occur as soon as possible after the Record Date.

The timetable for the distribution of the Gascoyne Shares to Shareholders is set out in section 1.19 of this Explanatory Statement.

The 4,000,000 remaining Gascoyne Shares held by the Company will not be the subject of the distribution in specie and will be retained by the Company and 3,500,000 of these will be subject to the escrow conditions imposed by ASX.

1.2 Effect of Equal Reduction of Capital on the Company

If Shareholder approval is obtained for the equal reduction of capital, it will have the effect of reducing the Company's total and net assets and reducing the Company's total equity by the dollar amount of the book value of the Gascoyne Shares, which is \$3.2 million (based on the issue price for Gascoyne Shares of 20 cents each pursuant to Gascoyne's prospectus dated 26 October 2009). The Company has estimated a capital reduction of approximately 2.43 cents per Share (based on the number of Shares on issue as at the date of the Notice of Meeting). The exact amount of the return of capital per Share may vary in the event that Options are exercised prior to the Record Date.

A pro-forma balance sheet for the Company is contained in Annexure A to this Explanatory Statement which demonstrates the impact of the equal reduction of capital on the Company, using the estimated capital reduction amount specified above.

1.3 Effect of Proposed Equal Reduction of Capital on Shareholders

Under the proposed equal reduction of capital, Shareholders will receive a pro-rata distribution in specie of Gascoyne Shares on the basis of 1 Gascoyne Share for approximately every 8.23 Shares held on the Record Date (rounded up to the nearest whole number), based on the number of Shares on issue as at the date of the Notice of Meeting.

The number of Gascoyne Shares received under the in specie distribution may vary in the event that Options are exercised prior to the Record Date for determining entitlements to the in specie distribution.

1.4 Advantages and Disadvantages of the Capital Reduction

The principal advantage of the equal reduction of capital to Shareholders is that Shareholders will retain an interest in the development of the assets that have been sold to Gascoyne, through their individual pro-rata shareholding in Gascoyne Shares and also indirectly through the Company's shareholding in Gascoyne.

Shareholders will retain their current percentage shareholding in the Company.

The Directors are not aware of any specific disadvantage to the equal reduction of capital though there is no guarantee that the Gascoyne Shares will increase in value. Gascoyne will be exposed to the risks set out in section 1.12(c) below.

1.5 ASX Escrow

ASX has classified 19,500,000 of the Gascoyne Shares issued to the Company as restricted securities and applied an escrow period of 24 months from the date of official quotation of the Gascoyne Shares.

However, ASX has granted a waiver to Gascoyne in relation to Listing Rule 9.7 to permit the 16 million Gascoyne Shares issued to the Company pursuant to the Tenement Sale Agreement between the Company, Giralia Resources NL, Gascoyne and Gascoyne Resources (WA) Pty Ltd dated 14 October 2009 ("**Tenement Sale Agreement**") to be distributed in specie to Shareholders (along with a further 100 Gascoyne Shares not subject to escrow). Therefore, subject to the conditions set out below, those Gascoyne Shares distributed to Shareholders will not be restricted from being traded on the ASX.

Upon completion of this distribution, only those Gascoyne Shares retained by the Company or distributed to related parties or promoters of the Company or Gascoyne will remain restricted for the balance of the 24 month period.

This waiver is conditional upon, among other things, the Company obtaining approval of Shareholders for the in-specie distribution within 2 months of the commencement of official quotation of Gascoyne Shares, the Company providing the market with at least one month's notice of the proposed despatch date for the Gascoyne Shares to be distributed and the Company completing the in specie distribution within 6 months of the Gascoyne Shares being granted official quotation on ASX.

1.6 Giralia Resources NL

Giralia Resources NL ("**Giralia**") is the holder of 18,202,000 fully paid ordinary shares in Gascoyne, of which ASX has classified 14,625,000 as restricted securities and applied an escrow period of 24 months. Giralia intends to undertake the in specie distribution of 14,600,000 of its Gascoyne Shares to its shareholders on a pro-rata basis.

ASX has granted a waiver to Gascoyne in relation to Listing Rule 9.7 to permit the 12 million Gascoyne Shares issued to Giralia pursuant to the Tenement Sale Agreement to be distributed in-specie to Giralia's shareholders (along with a further 2,600,000 Gascoyne Shares held by Giralia and not subject to escrow). Therefore, those Gascoyne Shares distributed in specie to Giralia's Shareholders will not be restricted from being traded on the ASX. This waiver is conditional upon the same conditions as the waiver granted to Gascoyne in relation to the Gascoyne Shares to be distributed in specie to the Company's Shareholders (set out under paragraph 1.5 above).

1.7 Additional Information for Shareholders

The Company provides the following further information to Shareholders:

- (a) the capital structure of the Company as at the date of the Notice of Meeting was:
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No. of Fully Paid Ordinary Shares	No. of Options
131,706,231	53,592,823 Options exercisable at 7.5 cents on or before 31 May 2011 17,600,000 employee incentive Options exercisable at 55 cents on or before 31 October 2011

(b) on completion of the in specie distribution to Shareholders the capital structure of the Company will be the same as under paragraph (a) above except that the exercise prices of the Options will reduce (see paragraph (j) below);

(c) the capital structure of Gascoyne as at the date of the Notice of Meeting was:

No. of Fully Paid Ordinary Shares	No. of Options
61,149,600	2,200,000 options exercisable at 25 cents on or before 30 November 2011

(d) on completion of the in specie distribution of Gascoyne Shares to Shareholders and the in specie distribution of Gascoyne Shares to Giralia, the capital structure of Gascoyne will be the same as under paragraph (c) above;

(e) the timetable for the return of capital will be as set out in section 1.19. The Record Date for the distribution will be 6 business days following the date of the meeting convened by this Notice of Meeting;

(f) the Company's total and net assets and the share capital account of the Company will be reduced by the dollar amount of the book value of the Gascoyne Shares, which is \$3.2 million (based on the issue price for Gascoyne shares of 20 cents each pursuant to Gascoyne's prospectus dated 26 October 2009) ("**Reduction Amount**"). The Company has estimated a Reduction Amount of approximately 2.43 cents per Share (based on the number of Shares on issue as at the date of the Notice of Meeting), although the Reduction Amount per Share may vary in the event that Options are exercised prior to the Record Date for determining entitlements to the in specie distribution;

(g) the return of capital will be effected by a pro-rata distribution of Gascoyne Shares in specie proportionately to all Shareholders registered as such as at 5.00pm WST on the Record Date as set out in the timetable for the return of capital as set out in section 1.19;

(h) pursuant to the equal reduction of capital, each Shareholder will be entitled to approximately 1 Gascoyne Share for every 8.23 Shares held on the Record Date (rounded up to the nearest whole number), based on the number of Shares on issue as at the date of the Notice of Meeting;

(i) the number of Gascoyne Shares received under the in specie distribution may vary in the event that Options are exercised prior to the Record Date for determining entitlements to the in specie distribution; and

(j) in accordance with Listing Rule 7.22.3, all Options will have their exercise price reduced by the same amount as the Reduction Amount per Share. On completion of the equal reduction in capital, the capital structure is represented as follows (assuming a

Reduction Amount of 2.43 cents per Share, based on the estimated capital reduction amount detailed above):

No. of Fully Paid Ordinary Shares	No. of Options
131,706,231	53,592,823 Options exercisable at 5.07 cents on or before 31 May 2011 17,600,000 employee incentive Options exercisable at 52.57 cents on or before 31 October 2011

1.8 Overseas Shareholders

Distribution of the Gascoyne Shares to Shareholders under the return of capital will be subject to legal and regulatory requirements in the relevant jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident restricts or prohibits the distribution of the Gascoyne Shares as proposed or would impose on the Company an undue obligation or burden, the Gascoyne Shares to which the relevant Shareholder is entitled will be sold by the Company on their behalf as soon as practicable after their issue and the Company will then account to the Shareholder for the net proceeds of sale after deducting costs and expenses of the sale.

As the return of capital is being represented and satisfied by the distribution to Shareholders of Gascoyne Shares, and the price of Gascoyne Shares may vary from time to time (assuming a liquid market is available), the net proceeds of sale may be more or less than the notional value of the return of capital identified in this Explanatory Statement.

1.9 The Resolution

The reduction of capital by way of an in specie distribution to Shareholders is an equal capital reduction under the Corporations Act.

Pursuant to Section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

As provided in Section 256B of the Corporations Act, the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under Section 256C of the Corporations Act.

The Directors are of the view that the capital reduction proposed pursuant to the Resolution is fair and reasonable to Shareholders for the reasons set out in this Explanatory Statement and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

1.10 Directors' Interests

The following table sets out the Directors' interests in Shares as at the date of the Notice of Meeting and the number of Gascoyne Shares which they (or their associated parties) will receive pursuant to the capital reduction, in their capacity as Shareholders, if Shareholder approval of the resolution is obtained:

Director	Shares	Number of Gascoyne Shares to receive *#
Greg J Wheeler	7,248,839	880,782
Michael Wilson	233,133	28,327
John den Dryver	-	-
Gordon Dunbar	300,000	36,452

* Assuming 1 Gascoyne Share received for every 8.23 Shares held.

Final number of Gascoyne Shares may vary depending on exercise of any Options prior to the Record Date (see above).

1.11 Directors' Recommendations

The Directors recommend that Shareholders vote in favour of the resolution for the following reasons:

- (a) after a comprehensive assessment of all available material information, the Directors believe that the proposed pro-rata distribution of Gascoyne Shares to Shareholders is in the best interests of Shareholders; and
- (b) the Directors believe that the benefits of the proposed capital reduction outweigh the disadvantages as referred to in section 1.4 of this Explanatory Statement.

1.12 Information on Gascoyne

(a) Background

Gascoyne was incorporated on 25 September 2009. Its principal activity is mineral exploration and evaluation with a particular emphasis on gold.

Gascoyne listed on the ASX on 11 December 2009 (ASX Code:GCY) and information on Gascoyne can be found at www.asx.com.au.

The proposed reduction of capital to be undertaken by the Company will not have an impact on the financial position of Gascoyne.

Gascoyne has acquired tenements situated in the Gascoyne region of WA from the Company and Giralia. Gascoyne will initially focus on development options for the existing gold resources, together with regional exploration activities to augment the resources and potential production profile.

Further information on Gascoyne can be found at www.gascoyneresources.com.au

(b) Directors of Gascoyne

The board of Gascoyne currently comprises non-executive chairman Graham Riley, managing director Gordon Dunbar and non-executive director John den Dryver. The company secretary is Joneen McNamara.

(c) Risk Factors associated with Gascoyne

On completion of the equal reduction of capital, Shareholders will become shareholders in Gascoyne and should be aware of the general and specific risk factors which may affect Gascoyne and the value of its securities. These risk factors include:

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Gascoyne's exploration, development and future production activities, as well as on its ability to fund those activities.

Market Conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither Gascoyne nor its directors warrant the future performance of Gascoyne or any return on an investment in the Gascoyne Shares.

Security Investments

There are risks associated with any securities investment. Securities listed on the stock market and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of Gascoyne's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of Gascoyne. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

Exploration and Evaluation Risks

The success of Gascoyne depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to Gascoyne's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Gold Metal Prices

To the extent that Gascoyne is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of Gascoyne to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Gascoyne. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Gascoyne are and will be taken into account in Australian currency, exposing Gascoyne to the fluctuations and volatility of the rate of exchange between the United States and the Australian dollar as determined in international markets.

Environmental Regulation and Risks

The operations and proposed activities of Gascoyne are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, Gascoyne's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

Gascoyne attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Native Title and Title Risks

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Gascoyne could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which Gascoyne has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of Gascoyne to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The directors of Gascoyne closely monitor the potential effect of native title claims involving tenements in which Gascoyne has or may have an interest.

Joint Venture Parties, Agents and Contractors

The directors of Gascoyne are unable to predict the risk of financial failure or default by a participant in any joint venture to which Gascoyne is or may become a party or the insolvency or managerial failure by any of the contractors used by Gascoyne in any of its activities or the insolvency or other managerial failure by any of the other service providers used by Gascoyne for any activity.

Future Capital Requirements

Gascoyne's activities will require substantial expenditures. There can be no guarantees that Gascoyne's funds will be sufficient to successfully achieve all the objectives of Gascoyne's overall business strategy. If Gascoyne is unable to use debt or equity to fund expansion after the substantial exhaustion of Gascoyne's existing funds there can be no assurances that Gascoyne will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to Gascoyne or at all. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which limit Gascoyne's operations and business strategy.

Gascoyne's failure to raise capital, if and when needed, could delay or suspend Gascoyne's business strategy and could have a material adverse effect on Gascoyne's activities.

Potential Acquisitions

As part of its business strategy, Gascoyne may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should Gascoyne encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect Gascoyne's operations.

Reliance on Key Personnel

Gascoyne's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and Gascoyne's ability to retain its key executives.

(d) Rights attaching to Gascoyne Shares

Set out below is a summary of the rights attaching to ordinary fully paid shares in Gascoyne.

Voting Rights

At a general meeting of Gascoyne on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative, shall in respect of each fully paid share held, have one vote for the share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited).

Dividends

The Gascoyne Shares will rank equally with all other issued fully paid ordinary shares in the capital of Gascoyne and will participate in dividends out of profits earned by Gascoyne from time to time. Subject to the rights of holders of Gascoyne Shares of any special preferential or qualified rights attaching thereto, the dividend as declared shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares. The directors of Gascoyne may from time to time pay to Gascoyne Shareholders such interim dividends as in their judgement the position of Gascoyne justifies.

Winding up

Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding up and the Corporations Act all monies and property that are to be distributed among shareholders on a winding-up, shall be distributed in proportion to the shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on shares.

Transfer of Gascoyne Shares

Generally, Gascoyne Shares will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The directors of Gascoyne may decline to register any transfer of Gascoyne Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

Sale of Non-Marketable Holdings

Gascoyne may take steps in respect of non-marketable holdings of Shares in Gascoyne to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

Gascoyne may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

Calls on Shares

Subject to the Corporations Act and the terms of issue of a Gascoyne Share, Gascoyne may at any time make calls on the Gascoyne Shareholders of a Gascoyne Share for all or any part of the amount unpaid on the Gascoyne Share. If a Gascoyne Shareholder fails to pay a call or instalment of a call Gascoyne may, subject to the Corporations Act and ASX Listing Rules, commence legal action for all or part of the amount due, enforce a lien on the Gascoyne Share in respect of which the call was made or forfeit the Share in respect of which the call was made.

Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and the ACH Clearing Rules and any rights attached to a class of Gascoyne Shares, Gascoyne (under the control of its directors) may allot and issue Gascoyne Shares and grant options over Gascoyne Shares, on any terms at any time and for any consideration as Gascoyne's directors resolve.

Variation of Rights Attaching to Shares

If at any time the share capital of Gascoyne is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not Gascoyne is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights under this clause 2.4 shall be subject to Part 2F.2 of the Chapter 2F of the Corporations Act.

General Meeting

Each Gascoyne Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of Gascoyne and to receive notices, accounts and other documents required to be furnished to Shareholders under Gascoyne's constitution, the Corporations Act and the ASX Listing Rules.

1.13 Intentions of the Company following completion of the capital reductions

The Company will continue to advance its exploration and development program in relation to its Yalleen Iron Ore Project which is joint ventured with API Management Pty Ltd (50% Aquila Resources, 50% AMCI) situated in the Robe Valley in the West Pilbara region of Western Australia.

Additionally, the Company will continue to progress the Tunkillia gold project in joint venture with Minotaur, together with carrying out exploration activities on its recently acquired New South Wales gold and copper projects.

The Company will also continue to maintain a watching brief on acquisition opportunities that may arise during 2010.

1.14 Information concerning the Company's Shares

The rights attaching to Shares will not be altered by the capital reduction. However, the capital reduction will have the effect of reducing the Company's total and net assets, and reducing the Company's total equity by the dollar amount of the book value of the Gascoyne Shares, which is \$3.2 million. This is set out in Annexure A of this Explanatory Statement.

The highest and lowest recorded sale prices of Shares as traded on ASX during the 3 months prior to the date of the Notice of General Meeting, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
20/10/09	15 cents	18/12/09	8.6 cents

The latest available closing price of the Shares on ASX prior to the date of the Notice of Meeting was \$0.096.

The capital reduction the subject of this Explanatory Statement was the subject of an announcement by the Company to ASX on 3 December 2009. On that date, the last recorded sale price of Shares as traded on ASX was \$0.115.

The volume weighted average trading price of Helix Shares for the 5 days preceding the date of this Notice of Meeting is \$0.095.

1.15 Disclosure to ASX

The Company's Shares are quoted on ASX and, as such, are subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company may be obtained for a fee from, or inspected at, an office of the ASIC.

1.16 Taxation Implications for Shareholders

The following is a general summary of the potential tax consequences of the capital reduction to Shareholders. The comments only apply to Shareholders who are residents of Australia for tax purposes. Non resident shareholders should obtain tax advice on the implications of the capital reduction to their Australian tax position and the tax rules in their country of residence. The comments also only apply to shareholders who hold their shares on capital account and for whom gains or losses are treated as capital gains or losses under Capital Gains Tax ("CGT") legislation and not on revenue account (such as share traders).

The summary of potential tax consequences is general in nature and Shareholders should obtain and rely on their own taxation advice in relation to the taxation consequences of the return of capital. Neither the Company nor any of its officers accept any responsibility or liability in respect of those consequences.

- (a) The tax consequences to Shareholders will depend upon the availability of demerger relief provided for in tax legislation. Based on independent advice that the Company has received it anticipates that demerger relief will be available. However, due to the complexity of the relief and its reliance on certain subjective conditions in the legislation, the Company cannot provide any assurance to Shareholders that demerger relief will apply.
- (b) If demerger relief is available Shareholders will be able to choose a rollover in respect of the return of capital comprising the in specie distribution.
- (c) Shareholders who choose to apply the rollover will apportion the original CGT cost base of their Shares between those shares and the Gascoyne Shares they receive. The apportionment of cost base is calculated according to the market values of the Company and Gascoyne at the time of the return of capital. The Company will provide guidance to Shareholders about the apportionment at that time.
- (d) Any capital gain or loss on a subsequent disposal of either Shares or Gascoyne Shares will be determined by reference to the adjusted cost bases. For the purpose of the CGT general 50% discount, Gascoyne Shares will be deemed to have been acquired at the time the original Shares were purchased.
- (e) Shareholders who choose not to apply demerger relief will reduce the CGT cost base of their Shares by the amount of the return of capital, to be calculated with reference to the price of Gascoyne Shares at the Record Date for determining entitlements to the in specie distribution, and estimated by the Company, at the date of the Notice of Meeting, to be 2.43 cents per Share. If the return of capital is greater than the CGT cost base the difference will give rise to a capital gain and the cost base of the Shares will be reduced to nil. A capital loss cannot arise from the in specie distribution.
- (f) Where a Shareholder does not elect to use demerger relief, the CGT cost base of Gascoyne Shares received from the return of capital will be their market value at the time. It would be reasonable to assume that the market value of Gascoyne Shares at the time of the return of capital will be the price on ASX at the Record Date for determining entitlements to the in specie distribution. In this case the Gascoyne Shares will be acquired, for the purpose of the CGT general 50% discount, at the time they are received.

1.17 Stamp Duty

There will be no Western Australian stamp duty payable by Shareholders on receipt of the Gascoyne Shares.

1.18 Lodgement with the ASIC

The Company has lodged a copy of the Notice of Meeting and Explanatory Statement with the ASIC in accordance with Section 256C(5) of the Corporations Act.

1.19 Indicative Timetable for the Reduction of Capital

The reduction of capital will be effected in accordance with the timetable set out in Appendix 7A of the Listing Rules as follows. This is an indicative timetable and may be changed at the discretion of the Directors or as required by ASX.

Event	Business Day
The Company advises ASX that Shareholder approval for the reduction of capital has been obtained.	8 February 2010
From the commencement of trading, Shares trade on an "ex return of capital" basis.	5pm 10 February 2010
Record Date to determine entitlement of Shareholders to Gascoyne Shares.	16 February 2010
Despatch of Gascoyne Shares to Shareholders.	23 February 2010
Anticipated commencement of trading in Gascoyne Shares distributed to Shareholders.	24 February 2010

The Company intends to distribute the Gascoyne Shares to Shareholders as at the Record Date as soon as possible after the Record Date.

1.20 Other Material Information

The Company is a disclosing entity (ASX Code:HLX) and is subject to regular reporting and continuous disclosure requirements under the ASX Listing Rules and the Corporations Act. Copies of documents lodged in relation to the Company with the ASIC may be obtained for a fee from, or inspected at, an office of the ASIC or inspected at the registered office of the Company during normal office hours.

Copies of the Company's announcements to ASX may be obtained from ASX's website at www.asx.com.au or from the Company's website at www.helix.net.au. In addition, ASX maintains files containing publicly available information for all listed companies and as such, the Company's file is available for inspection at ASX during normal office hours.

Copies of Gascoyne's announcements to ASX may be obtained from ASX's website at www.asx.com.au or from Gascoyne's website at www.gascoyneresources.com.au. In addition, ASX maintains files containing publicly available information for all listed companies and as such, Gascoyne's file is available for inspection at ASX during normal office hours.

The number of Gascoyne Shares which the Board intends to distribute to the Shareholders is a maximum of 16,000,100 Gascoyne Shares or such number of Gascoyne Shares which the Board deems appropriate for the Company to retain in order to be able to meet the Company's CGT liability (if any) arising out of the proposed distribution.

Shareholders should note that failure to notify the Company of their Tax File Number could mean that the Company may need to retain part of the distribution for Australian taxation purposes.

The Corporations Act restricts the Company from disposing of the Gascoyne Shares to Shareholders within 12 months of their issue, by way of the proposed in specie distribution, without the Company issuing a prospectus. In addition, the Corporations Act restricts the

Shareholders from on-selling their Gascoyne Shares acquired as a result of the distribution in specie, within the first 12 months after receiving them under the proposed in specie distribution.

Therefore, in accordance with ASIC Regulatory Guide 188, the Prospectus prepared by the Company accompanies this Notice of Meeting. This Prospectus contains information in relation to Gascoyne. The Company recommends that all Shareholders read the Prospectus carefully.

The invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an offer to transfer Gascoyne Shares to Shareholders pursuant to an in specie distribution. This offer is accompanied by a copy of the Prospectus.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on the resolution other than as disclosed in this Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

GLOSSARY

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

ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	official listing rules of ASX.
Board	Board of Directors.
Business Day	has the meaning given in the Listing Rules.
Company	Helix Resources Limited (ABN 27 009 138 738).
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	current director of the Company.
Gascoyne	Gascoyne Resources Limited (ACN 139 522 900).
Gascoyne Share	fully paid ordinary share in the capital of Gascoyne.
Gascoyne Shareholder	shareholder of Gascoyne.
General Meeting	the general meeting convened by this Notice of Meeting.
Notice of Meeting	the notice of general meeting accompanying this Explanatory Statement.
Option	an option to acquire a Share.
Prospectus	the prospectus dated 6 January 2010 accompanying this Notice of Meeting.
Record Date	record date for determining entitlements to the Gascoyne Shares as set out in section 1.19 of this Explanatory Statement.
Resolution	the resolution being put to Shareholders in this Notice of Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
WA	Western Australia.
WST	Australian Western Standard Time.

ANNEXURE A – PRO FORMA BALANCE SHEET

HELIX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated Audited Accounts 30 June 2009	12 December 2009 Management Accounts After ASX Listing of Gascoyne	After In specie Distribution of 16,000,100 Gascoyne Shares
	\$	\$	\$
Current Assets			
Cash	4,360,573	4,474,910	4,474,910
Receivables	138,372	163,139	163,139
Financial Assets	23,670	23,670	23,670
Total Current Assets	4,522,615	4,661,719	4,661,719
Non-Current Assets			
Property & equipment	110,718	110,718	110,718
Exploration & evaluation expenditure	13,815,868	5,977,330	5,977,330
Other financial assets	100,000	3,450,020	250,000
Total Non-Current Assets	14,026,586	9,538,068	6,338,048
Total Assets	18,549,201	14,199,787	10,999,767
Current Liabilities			
Payables	125,778	57,325	57,325
Provisions	78,668	78,668	78,668
Total Current Liabilities	204,446	135,993	135,993
Non-Current Liabilities			
Provisions	24,876	24,876	24,876
Total Non-Current Liabilities	24,876	24,876	24,876
Total Liabilities	229,322	160,869	160,869
Net Assets	18,319,879	14,038,918	10,838,898
Shareholders' Equity			
Share capital	55,815,856	56,654,160	53,454,140
Reserves	61,600	61,600	61,600
Accumulated losses	(37,557,577)	(42,676,842)	(42,676,842)
TOTAL EQUITY	18,319,879	14,038,918	10,838,898

The Pro Forma Balance Sheet has been prepared by the Company on the basis of 30 November unaudited management accounts adjusted for the events described below. Comparative information has been extracted from the 30 June 2009 audited accounts.

1. The sale of tenement assets to Gascoyne for 16,000,000 Gascoyne Shares valued at 20 cents per Gascoyne Share.
 2. The distribution by the Company of 16,000,100 Gascoyne Shares in specie to Shareholders on a pro-rata basis. The assumed value of the Gascoyne Shares is 20 cents per Share.
 3. The costs associated with the in specie distribution estimated at \$15,000, categorised as payables.
 4. Gascoyne listed on ASX on 10 December 2009, raising \$5,229,900 before costs. Gascoyne has not been consolidated into the Company's accounts. The Company holds approximately 32.7% of Gascoyne's issued shares, and will retain approximately 6.5% if the in specie distribution of Gascoyne Shares is approved by Shareholders.
-

Shareholder Details

Name:

.....

Address:

.....

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Helix Resources Limited and entitled to attend and vote hereby appoint

The Chairman of the meeting

OR

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

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Helix Resources Limited to be held at Celtic Club, 48 Ord Street, West Perth Western Australia on 8 February 2010 at 10am (WST) and at any adjournment of that meeting.

IMPORTANT



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of the resolution.

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

Special Business

Resolution 1.

Reduction of Capital and Distribution In Specie

For

Against

Abstain*

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

Appointment of a second proxy (see instructions overleaf)

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

PLEASE SIGN HERE

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

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

2 HOW TO COMPLETE THIS PROXY FORM

2.1 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.

2.2 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.

2.3 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.

2.4 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 (08) 9321 2644 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.

2.5 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.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of General Meeting or may be obtained from the company's share registry.

2.6 Lodgement of a Proxy

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 (ie. no later than 5.00pm WST on 6 February 2010). Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the company's registered office at Suite 7, 29 Ord Street, West Perth, Western Australia, 6005 or sent by facsimile to the registered office on (08) 9321 3909.
