

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own independent financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in GoldStone Resources Ltd, you should forward this document, together with the accompanying form of proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.



GOLDSTONE RESOURCES LTD.

(Incorporated in Jersey with company number 71490)

Directors

Gennen McDowall (*Non-Executive Chairman*)
Jurie Wessels (*Chief Executive*)
Hendrik Schloemann (*Exploration Director*)
Rod Hanson (*Non-Executive Director*)

Registered Office

P.O. Box 560
11-15 Seaton Place
St. Helier JE4 8XP
Jersey

18 November 2011

To the holders of Ordinary Shares

Dear Shareholder

Circular to Shareholders

Proposed Placing and Notice of Annual General Meeting

1. Introduction

It was announced today that GoldStone Resources Ltd ("**Goldstone**" or the "**Company**") has conditionally raised approximately £4.7 million, before expenses, through the placing of 94,080,160 new ordinary shares of 1 penny each (the "**Placing Shares**") at a price of 5 pence per share (the "**Placing**").

The Placing is conditional, *inter alia*, on admission of the Placing Shares to trading on the AIM market of the London Stock Exchange ("**Admission**") and on the passing of certain special resolutions of the Company which will be proposed at the Annual General Meeting of the Company to be held at 2.00 p.m. on 5 December 2011 at the Bramley Boardroom Suite, Hotel Pomme D'Or, Liberation Square, St Helier, Jersey, JE1 3UF, Channel Islands (the "**AGM**"). At the end of this document is a notice convening the AGM which sets out the resolutions to be proposed at the AGM, including special resolutions 2, 3 and 4 (the "**Resolutions**") on which the Placing is conditional. Further particulars of the Resolutions are set out in paragraph 4 of this letter.

The purpose of this document is to provide you with background to, and details of, the Placing and to request shareholder support for the Resolutions.

2. Background to the Placing

Goldstone's projects, located in Ghana, Gabon and Senegal, range from grassroots projects to advanced exploration. The Company intends to utilise the funds raised to explore the projects further, in particular the advanced Homase/Akrokkerri project, which contains a JORC compliant gold resource of 405,600 ounces.

On 20 October 2011 the Company announced the second set of positive drilling results from the first phase of drilling at the Homase/Akrokkerri project. The results have given GoldStone the confidence to commission a second phase 4,500 metre drilling programme which will be focused on increasing the resource base along the Homase trend and testing new exploration targets in the Akrokkerri granite area.

At the Company's Manso Amenfi project in Ghana a permit-wide soil sampling programme was completed in June 2011. The results, some of which returned a gold content as high as 2.4 g/t gold, demonstrated the presence of multiple elongated and consistent gold in soil anomalies of considerable extent up to five kilometres in strike. GoldStone is currently undertaking a geochemical investigation and a geophysical survey is planned, the results of which will assist the Company's geologists to rank soil anomalies in order to identify areas for further exploration.

In Senegal the Company has conducted a permit-wide termite mound sampling programme over its wholly owned Sangola licence area. The results indicate the presence of significant gold anomalies. The Company's efforts in the coming months will be to investigate the identified anomalies further by follow-up surface sampling, trenching and drilling.

In Gabon, the Company has conducted a logistical reconnaissance over the Oyem and Ngoutou licence areas. It was found that both areas contained artisanal gold workings in the streams that cut through the identified gold anomalies and both areas are easily accessible by using existing logging roads. From desktop work it was established that the gold in soil anomaly associated with the Oyem permit in the northern part of Gabon covers a well-known regional geological structure in gold-prospective Archean rocks and that the Ngoutou anomaly in the eastern central part of Gabon also covers Archean rocks. The Company is currently undertaking geological reconnaissance studies at both sites which includes in-fill soil sampling and shallow drilling in order to identify targets for deeper drilling planned for next year.

3. Details of the Placing

The Company, through its joint brokers Westhouse Securities Limited ("**Westhouse**") and Optiva Securities Limited ("**Optiva**"), has conditionally raised approximately £4.7 million, before expenses, through the placing of the Placing Shares to institutional and other investors.

The Placing is conditional on the placing agreement entered into between the Company, Westhouse and Optiva (the "**Placing Agreement**") having become unconditional and Admission occurring on 6 December 2011, or such later time and date as the Company, Westhouse and Optiva may agree, being no later than 5.30 p.m. on 20 December 2011. If any of the conditions of the Placing Agreement are not fulfilled or waived on or before 5.30 p.m. on 20 December 2011, the Placing will not become unconditional and the placing monies will be returned to the placees as soon as practicable thereafter.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing issued ordinary shares of one penny each in the Company ("**Ordinary Shares**") and are expected to be admitted to trading on AIM on 6 December 2011.

4. Annual General Meeting

You will find set out at the end of this document a notice convening the AGM at 2.00 p.m. on 5 December 2011 at the Bramley Boardroom Suite, Hotel Pomme D'Or, Liberation Square, St Helier, Jersey JE1 3UF, Channel Islands for the purposes of considering and, if thought fit, approving the Resolutions. The Resolutions will be proposed as special resolutions of the Company and, as such, will require to be passed by a two-thirds majority of the shareholders who (being entitled to do so) vote in person or by proxy at the AGM.

The purpose of special resolution 2 is to incorporate the provisions of Chapter 5 of the Disclosure Rules and Transparency Rules (the "**DTRs**") by reference into the Company's Articles of Association (the "**Articles**"). The passing of this special resolution would require shareholders to notify the Company of changes to their holdings in accordance with the DTRs.

The purpose of special resolution 3 is to include in the Articles provisions governing the conduct of any takeover of the Company. The UK Takeover Code (the “**Code**”) does not apply to GoldStone due to the place of central management being outside the UK and Channel Islands. The proposed change to the Articles provides, amongst other things, that when any person, together with any persons acting in concert, becomes interested in shares which carry 49 per cent. or more of the voting rights of the Company, such person would be required under the Articles to make an offer for the remainder of the Company’s share capital. In line with the provisions of the Code, such offer would be required to be in cash at not less than the highest price paid by the offeror, or any person acting in concert with it, for any interest in the shares in the previous 12 months.

The purpose of special resolution 4 is to provide the Directors, in addition to the authority already conferred on the Directors, with authority to issue the Placing Shares without having to first offer such Placing Shares to shareholders pursuant to the pre-emption rights set out in Article 4(2) of the articles of association of the Company.

5. Action to be taken

A form of proxy is enclosed for use by shareholders at the AGM. Whether or not you intend to be present at the AGM, you are asked to complete and return the form of proxy in accordance with the instructions printed thereon so as to be received by the Company’s registrars, Computershare Investor Services (Jersey) Ltd at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES not later than 2.00 p.m. on, 3 December 2011. Completion and return of the form of proxy will not preclude you from attending the AGM and voting in person, if you so wish.

6. Recommendation

The Directors believe that the passing of the Resolutions and the Placing are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of the Resolutions as they intend to request in respect of their own beneficial shareholdings (held as potential discretionary beneficiaries in the case of Jurie Wessels and Hendrik Schloemann). In addition, Unity Mining Limited has indicated that it intends to vote in favour of the Resolutions.

In aggregate, shareholders representing 78,514,166 Ordinary Shares, representing approximately 35.01 per cent. of the current issued share capital have indicated that they intend to vote in favour of the Resolutions.

Yours faithfully

GENNEN MCDOWALL
Non-Executive Chairman



GOLDSTONE RESOURCES LTD.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of members of the Company will be held on Monday 5 December 2011 at 2.00 p.m. at the Bramley Boardroom Suite, Hotel Pomme D'Or, Liberation Square, St Helier, Jersey JE1 3UF, Channel Islands at which meeting:

The following resolutions (some of which will be proposed as special resolutions) will be considered and, if deemed fit, passed with or without modification:

TO BE RESOLVED AS ORDINARY RESOLUTIONS:

Ordinary Resolution 1 To receive and adopt the annual financial statements ("the Accounts") of the company for the year ended February 2011, together with the reports of the directors and the auditors.

Note: The Accounts were dispatched to shareholders on 23 August 2011 and are available for download on the company website www.goldstoneresources.com

Ordinary Resolution 2 To ratify and approve the remuneration of the directors as set out in the Accounts.

Ordinary Resolution 3 To confirm and ratify all acts of the directors of the Company for the year ended February 2011 as reflected in the Accounts as at that date.

Ordinary Resolution 4 To reappoint Mr Gennen McDowall who submits himself for re-election in terms of the articles of association.

Ordinary Resolution 5 To reappoint Mr Jurie Wessels who submits himself for re-election in terms of the articles of association.

Ordinary Resolution 6 To reappoint Dr Hendrik Schloemann who submits himself for re-election in terms of the articles of association.

Ordinary Resolution 7 To appoint Mr Rod Hanson who submits himself for election in terms of the articles of association.

Note: Mr Hanson was appointed as Non-Executive Director on 24 June 2011.

Ordinary Resolution 8 To re-appoint Messrs Deloitte LLP (Jersey) as auditors of the Company for the ensuing year, on terms and conditions to be agreed by the Directors.

TO BE RESOLVED AS SPECIAL RESOLUTIONS

Special Resolution 1 The Directors be authorised, pursuant to Article 4(2) of the articles of association, to allot shares or grant options over shares in the Company wholly for cash as if Article 4(2)(a) of the articles of association did not apply to such allotment or grant of options, provided that this power:

- (i) shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2012 and the date 15 months following the

date this resolution was passed, save that the Company may, before such expiry, make an offer or agreement which would or might require the allotment or grant of option over shares after such expiry and the Directors may allot or grant options pursuant to any such offer or agreement as if the power conferred hereby had not expired; and

- (ii) shall be limited to the allotment of shares or grant of options over shares up to an aggregate number of 66,000,000 shares (representing approximately 25 per cent. of the Company's issued ordinary share capital at the date of notice of this resolution, assuming all shares which are the subject of existing options and warrants had been issued).

Special Resolution 2

To amend the articles of association by inserting the following new Article 7(10):

“Disclosure and Transparency Rules

- (a) *If at any time the Company has any class of shares admitted to trading on the Alternative Investment Market of the London Stock Exchange or any other United Kingdom stock exchange, the provisions of Chapter 5 of the Disclosure and Transparency Rules shall be deemed to be incorporated by reference into these Articles and each member must comply with the notification obligations to the Company contained therein including, without limitation, the provisions of DTR 5.1.2, as if the Company were a UK-Issuer (and not a non-UK Issuer) (in each case, as defined in DTR 5.1) for the purposes of these provisions. The vote holder and issuer notification rules shall apply, for the avoidance of doubt, to the Company as well as each holder of shares.*
- (b) *For the purposes of this Article 7(10), the “Disclosure and Transparency Rules” means the United Kingdom Disclosure and Transparency Rules in force from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made, as published by the Financial Services Authority of the United Kingdom.”*

Special Resolution 3

To amend the articles of association by inserting the following new Articles 35 to 37:

“TAKEOVERS

35. *INTERPRETATION OF ARTICLES 35 TO 37*

35.1 *In this Article 35 and Articles 36 and 37:*

35.1.1 *the following expressions shall have the following meanings:*

“acting in concert” shall have the same meaning as set out in the City Code;

“City Code” means The City Code on Takeovers and Mergers issued and administered by the UK Panel, as amended from time to time, save that the City Code shall be construed and shall apply for the purposes of this Article 35 and Articles 36 and 37 as if references in Rule 9.1(a) of the City Code to the acquisition of shares carrying 30% or more of the voting rights of a company were to the acquisition of shares carrying the Relevant Percentage or more of such voting rights, and as if Rule 9.1(b) did not apply; and references in Articles 35 to 37 to “as if the City Code applied to the Company” shall mean the City Code as construed and applied in accordance with the foregoing;

"Effective Date" means the date on which these Articles 35 to 37 were first included in these Articles (whether or not the same are subsequently amended);

"interests in securities" shall have the same meaning as set out in the City Code and shall include acquisitions in the circumstances set out in Rule 36.1 of the City Code;

"Permitted Acquisition" means an acquisition of interests in securities in the Company which is made in accordance with the applicable provisions of the City Code as if it applied to the Company, (including, for the avoidance of doubt, (i) an acquisition made in circumstances in which the City Code, if it applied to the Company, would not require an offer or offers to be made as a consequence; and (ii) an acquisition made in the circumstances in which the City Code, if it applied to the Company, would require an offer or offers to be made as a consequence and such offer(s) is (are) made in accordance with Rules 6, 9, 10, 11, 14 and 15 (to the extent applicable));

"Relevant Percentage" means 49 per cent.;

"Relevant securities" shall have the same meaning as set out in the City Code;

"Rules 6, 9, 10, 11, 14 and 15" means Rules 6, 9, 10, 11, 14 and 15, respectively (including the notes thereto) of the City Code; and

"UK Panel" means the UK Panel on Takeovers and Mergers; and

35.1.2 any other expressions defined in the City Code shall, for the purposes of this Article 35 and Articles 36 and 37, save as provided above, have the same meaning as set out therein.

36. RULE 9

36.1 For as long as the City Code does not apply to the Company and transactions in securities of the Company, a person must not, at any time on and from the Effective Date, whether by himself, or with persons acting in concert with him, acquire interests in securities of the Company which, taken together with any other interests in securities of the Company held or acquired by persons acting in concert with him, carry the Relevant Percentage or more of the voting rights attributable to securities of the Company, unless the acquisition is a Permitted Acquisition.

37. MANDATORY OFFER

37.1 Where a person acquires interests in securities of the Company or voting rights over such securities which, taken together with any other interests in securities of the Company held or acquired by persons acting in concert with him, carry the Relevant Percentage or more of the voting rights attributable to securities of the Company, such person shall extend offers, on the basis of Rules 9.3, 9.4 and 9.5 of the City Code (as if the City Code applied to the Company), to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable. An offer will not be required under this Article 37.1 where control of the Company is acquired as a result of a voluntary offer made in accordance with the City Code (as if the City Code applied to the Company to all the holders of voting equity share capital and other transferable securities carrying voting rights.)"

Special Resolution 4

In addition to the authority to allot or grant options over shares conferred on the directors pursuant to special resolution 1 (above), the Directors be authorised to allot the Placing Shares, as such term is defined in the circular to shareholders accompanying this Notice of AGM and dated 18 November 2011 (the "Circular"), on the terms described in the Circular (subject to such non-material amendments to such terms as the Directors may determine), as if Article 4(2)(a) did not apply to such allotment.

Such other business will be transacted as may be necessary at an annual general meeting of the Company.

BY ORDER OF THE BOARD

Ockert Hugo Kruger
Company Secretary

18 November 2011

NOTES:

1. A member of the Company is entitled to appoint a proxy or proxies to attend, speak and vote at the meeting in his stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy does not need to be a member of the Company.
2. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he so wish.
3. The proxy must be completed and returned so as to reach the Company's registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, JERSEY JE1 1ES, Channel Islands (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
4. To be entitled to attend and vote at the meeting or any adjournment thereof (and for the purpose of the determination by the Company of the number of votes they may cast) members must be entered in the Register of members at 2.00 p.m. on the day which is two days before the date of the meeting.

