

6 July 2020

Australian Securities Exchange Limited  
Via ASX Market Announcements Platform

## Notice of Meeting

The Deed Administrators\* of Gascoyne Resources Ltd and each of its wholly owned subsidiaries (All Subject to Deed of Company Arrangement) ("Gascoyne", ASX:GCY) will today despatch the attached letter and Notice of Extraordinary General Meeting and the accompanying Explanatory Statement to Gascoyne shareholders.

\*Michael Ryan, Kathryn Warwick and Ian Francis all Senior Managing Directors of FTI Consulting were appointed as Deed Administrators of Gascoyne on 26 June 2020.

*This announcement has been authorised for release to the ASX by the Deed Administrators of Gascoyne.*

-ENDS-

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6 July 2020

Dear Shareholder,

As I write to you today, Gascoyne holds a profitable gold mine and will produce more than 70,000 ounces of gold for the 2019/2020 financial period.

Operational reliability, and crucially the reliability of our gold estimation, is on track and well proven, with five consecutive months of more than 6,000 ounces of gold produced. We look set to achieve the upper end of guidance for the June quarter of 18,000 to 21,000 ounces of gold production. The Company is cash flow positive, profitable, enjoying the benefits of the spot gold price currently sitting over A\$2,500 per ounce, and planning for future growth through resource and exploration drilling.

The team at Gascoyne both at the operation and in corporate office have worked tirelessly over the past 13 months to produce the results for 2019/20, which is the strong foundation to build our future on.

As you are aware, on 2 June 2019 the Company Board placed Gascoyne and each of its wholly owned subsidiaries into voluntary administration following inconsistent production, difficulties with reserve reconciliation and a related lack of funding options. **Fortunately, as outlined the situation today is vastly different and we have turned the corner and focussed on the future of the company.**

This was in part made possible by the decision to reinvest approximately \$10m into a short cutback acceleration of the Western Wall of the main Gilbey's pit commencing in November 2019 on the newly estimated gold reserves. The cutback acceleration was designed to de-risk the mine's access to sustainable quantities of Gilbey's Main Zone ore to keep the processing plant at maximum capacity. An additional ~\$4.5m has also been re-invested into long term infrastructure and other improvements. The future potential at Gilbey's was also highlighted by a small spend of only \$250k on resource drilling allowing additional material to be incorporated into the recently announced Mineral Resource estimate update. We intend to invest further in similar near mine discovery post relisting.

It is not often that a Voluntary Administration results in such a significant turnaround, and an estimated full recovery for creditors, let alone value for shareholders. The creditors of the Company have approved a Deed of Company Arrangement that plans to allow all unsecured creditors to receive up to 100 cents in the dollar in respect of their pre-appointment claims (including partial debt for equity arrangements for creditors owed more than \$10k), and Gascoyne's shares to return to trading on the ASX after recapitalisation in early September 2020.

The alternative for shareholders could have been much worse, with liquidation of the Company or a low-priced sale of the assets leading to smaller returns for creditors of the Company, and likely no remaining value for shareholders. However, we are fortunate to be in a position where existing shareholders will maintain a percentage of the recapitalised Company, as well as having an opportunity to participate in the recapitalisation themselves.

In order to enjoy the future benefits of our Company's assets, we need to reduce our debt and have sufficient working capital to ensure a strong balance sheet and funds for exploration. The money proposed



to be raised as set out in the Notice of Meeting will reduce our bank debt, debt with both secured and unsecured creditors and allow us to introduce a new bank facility which is substantially less than the current bank debt levels. We must raise the money as outlined in the Notice of Meeting in order to be able to relist on the ASX.

We now invite you as a shareholder of Gascoyne to support the resolutions set out in the attached Notice of Extraordinary General Meeting, which will enable the Company to carry out the recapitalisation and subsequent relisting. Even if you do not feel that you will participate in the recapitalisation, **your support as an existing shareholder is very important for all stakeholders.**

Existing shareholders will maintain a relevant ownership proportion of the Company, even if choosing not to participate in the capital raising. At this stage, we intend to set the price of the capital raising, but no lower than 2 cents per share, in accordance with the resolutions put to shareholders and after the Extraordinary General Meeting, based upon market conditions and the advice of our lead manager, Canaccord Genuity (Australia) Limited.<sup>1</sup>

The recapitalisation will also allow the Company to pursue future growth and returns to shareholders, through resource definition drilling at the Gilbey's and Sly Fox deposits at the Dalgara Gold Project, near mine exploration activities, potential processing hub opportunities, revisiting the Glenburgh Gold Project and wider regional exploration activities on our extensive tenements.

With shareholder approval, your Board of Directors is also to be fully refreshed with George Bauk and Rowan Johnston to join the Board as Independent Non-Executive Directors, alongside Managing Director / CEO, Richard Hay. Richard has been the operational leader of our turnaround over the last 12 months and will be confirmed as the Managing Director of Gascoyne. Both George and Rowan bring to the Board extensive experience in the resources industry, through construction, production, exploration, project development and financing.

We look forward to your support for this important step in the future of the Company, and **encourage all shareholders to vote in favour** of the attached resolutions and return your proxy form.

The Notice of Extraordinary General Meeting and the accompanying Explanatory Statement 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 without delay.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please contact the Company Secretary on +61 8 9481 3434 or by email at [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au).

Regards



George Bauk  
Proposed Chairman

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<sup>1</sup> Subject to shareholder approval for certain aspects of the recapitalisation being obtained, it is anticipated that a prospectus for the offer of new shares will be made available by Gascoyne in early August 2020. A copy of the prospectus will be lodged with ASIC, made available on the ASX and also sent to eligible shareholders. Eligible shareholders should consider the prospectus in deciding whether to acquire new shares (and, to acquire new shares, will need to complete the application form that will be in, or will accompany, the prospectus).



**GASCOYNE RESOURCES LIMITED**  
**(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**  
**ABN 57 139 522 900**

**NOTICE OF EXTRAORDINARY GENERAL MEETING  
AND EXPLANATORY STATEMENT**

**Date: Wednesday, 5 August 2020**

**Time: 10:00am (AWST)**

**Place: Celtic Club, 48 Ord Street, Perth WA 6005**

This Notice of Extraordinary General Meeting and the accompanying Explanatory Statement 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 without delay.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please contact the Company Secretary on +61 8 9481 3434 or by email at [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au).

The Company will lodge a Prospectus with ASIC setting out further details in relation to the Recapitalisation. A copy of the Prospectus will be sent to Eligible Shareholders and will also be available on the Company's website. Shareholders should read the Prospectus for further details of the Recapitalisation.

The Company strongly encourages Shareholders to avoid attending the Extraordinary General Meeting in person, given the risks posed by the COVID-19 pandemic. Any Shareholder who is considering attending the Extraordinary General Meeting in person should consider the latest government warnings and advice before doing so. **In order for the Company to practice social distancing and comply with COVID-19 pandemic restrictions, please advise the Company on +61 8 9481 3434 or by email at [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au), that you intend to attend the meeting in person.**

The Company encourages Shareholders to continue to participate in the Extraordinary General Meeting by:

- completing and returning the enclosed Proxy Form, or lodging a vote online, in accordance with the specified instructions below;
- lodging questions in advance of the meeting by emailing questions to [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au); and
- attending the meeting via telephone conference call by dialling +61 8 6500 2107 at 10:00am (AWST) on 5 August 2020.

**Gascoyne Resources Limited (Subject to Deed of Company Arrangement)**

**ABN 57 139 522 900**

## Notice of Extraordinary General Meeting

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Notice is given that an extraordinary general meeting of Shareholders of Gascoyne Resources Limited (Subject to Deed of Company Arrangement) (**Company**) will be held at the Celtic Club, 48 Ord Street, Perth, Western Australia on Wednesday, 5 August 2020 at 10:00am (AWST).

The purpose of the Meeting is to consider and, if thought fit, to pass the Resolutions referred to in this Notice.

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice. The Explanatory Statement (including the Schedules) and the Proxy Form forms part of this Notice.

Terms used in this Notice have the meaning given to them in the glossary in the Explanatory Statement.

### Important information

This Notice provides information about, and seeks Shareholder approval for, amongst other things, the restructure and recapitalisation of the Company. Successful implementation of the Recapitalisation will see the Company emerge from a deed of company arrangement and have its Shares reinstated to trading on the ASX.

The Resolutions proposed are:

- Resolution 1: Approval for issue of Shares under Entitlement Offer
- Resolution 2: Approval for issue of Shares under the Recapitalisation Placement
- Resolution 3: Approval for issue of Shares to NRW
- Resolution 4: Approval for issue of Shares to the Trustees of the Creditors' Trust for the benefit of Large Creditors under DOCA
- Resolution 5: Consolidation of Share capital
- Resolution 6: Adoption of New Constitution
- Resolution 7: Appointment of George Bauk as a Director
- Resolution 8: Appointment of Rowan Johnston as a Director
- Resolution 9: Approval for issue of Bonus Shares to Richard Hay
- Resolution 10: Approval for participation in Recapitalisation Placement by Richard Hay

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. If Shareholders pass the Resolutions and the Recapitalisation is successfully implemented, the Company will be in a position to apply to the ASX for reinstatement of the Shares to trading on the ASX. The reinstatement of the Shares to trading on the ASX will be subject to the satisfaction of the ASX conditions to reinstatement detailed in Schedule 2.

**Resolutions 1 to 5, 7 and 8 are interdependent, meaning that Shareholders must pass each of each of these Resolutions for the Recapitalisation to be implemented.** If Shareholders approve some (but not all) of these Resolutions, the Recapitalisation will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Group's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

**The Resolutions are therefore important and affect the future of the Company.**

**Shareholders are urged to give careful consideration to this Notice and the contents of the Explanatory Statement.**

## **Agenda**

### **1 RESOLUTION 1 – Approval for issue of Shares under Entitlement Offer**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 2 to 5, 7 and 8 being passed, for the purposes of the Entitlement Offer Waiver and for all other purposes, approval is given for the Company to conduct the Entitlement Offer on the terms and conditions set out in the Explanatory Statement.’*

#### **Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any of its substantial shareholders, any party that underwrites or sub-underwrites the Entitlement Offer (noting that as at the date of this Notice the Entitlement Offer is not underwritten), any brokers or managers of the Entitlement Offer, any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any of their respective associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **2 RESOLUTION 2 – Approval for issue of Shares under the Recapitalisation Placement**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1, 3 to 5, 7 and 8 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,750,000,000 Shares (pre-Consolidation) under the Recapitalisation Placement, on the terms and conditions set out in the Explanatory Statement.’*

#### **Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 3 RESOLUTION 3 – Approval for issue of Shares to NRW

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1, 2, 4, 5, 7 and 8 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 600,000,000 Shares (pre-Consolidation) to NRW (or its nominee) in satisfaction of the claims of NRW in accordance with the NRW Debt to Equity Conversion, on the terms and conditions set out in the Explanatory Statement.’*

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of NRW (or its nominees), a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any of their respective associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 4 RESOLUTION 4 – Approval for issue of Shares to the Trustees of Creditors’ Trust for the benefit of Large Creditors under DOCA

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1 to 3, 5, 7 and 8 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 150,000,000 Shares (pre-Consolidation) to the Trustees of the Creditors’ Trust, in partial satisfaction of the claims of certain of the Company’s unsecured creditors in accordance with the DOCA, on the terms and conditions set out in the Explanatory Statement.’*

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5 RESOLUTION 5 – Consolidation of Share capital

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1 to 4, 7 and 8 being passed, pursuant to section 254H of the Corporations Act and for all other purposes, approval is given for the Company to consolidate its issued capital on the basis that every 20 Shares be consolidated into 1 Share with effect from the date that is two business days after all the Shares to be issued pursuant to this Notice have been issued, and where this consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up or down to the nearest whole number, with entitlements to less than half of a Share or Option rounded down.’*

## 6 RESOLUTION 6 – Adoption of New Constitution

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*‘That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Company repeal its current Constitution and adopt the New Constitution tabled at the Meeting with effect from the close of the Meeting, on the terms and conditions set out in the Explanatory Statement.’*

## 7 RESOLUTION 7 – Appointment of George Bauk as a Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1 to 5 and 8 being passed, George Bauk be appointed as a Director with effect from the close of the Meeting, on the terms and conditions set out in the Explanatory Statement.’*

## 8 RESOLUTION 8 – Appointment of Rowan Johnston as a Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1 to 5 and 7 being passed, Rowan Johnston be appointed as a Director with effect from the close of the Meeting on the terms and conditions set out in the Explanatory Statement.’*

## 9 RESOLUTION 9 – Approval for issue of Bonus Shares to Richard Hay

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*‘That, subject to Resolutions 1 to 5, 7 and 8 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 12,500,000 Shares (pre-Consolidation) to Richard Hay (or his nominee), on the terms and conditions set out in the Explanatory Statement.’*

### **Voting exclusion statement:**

The Company will disregard any votes cast on this Resolution by or on behalf of Richard Hay (or his nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their respective associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



## 10 RESOLUTION 10 – Approval for participation in Recapitalisation Placement by Richard Hay

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*'That, subject to Resolutions 1 to 5, 7 and 8 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 5,000,000 Shares (pre-Consolidation) to Richard Hay (or his nominee), on the terms and conditions set out in the Explanatory Statement.'*

### **Voting exclusion statement:**

The Company will disregard any votes cast on this Resolution by or on behalf of Richard Hay (or his nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their respective associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **By order of the Deed Administrators**

sign here ►



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Company Secretary

print name Shane McBride

date 3 July 2020

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**The business of the Extraordinary General Meeting affects your Shareholding and your vote is important.**

**How to vote**

Shareholders can vote by:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote;
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their Proxy Form in person, by email, by post or by facsimile; or
- lodging their vote online at [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login). Shareholders will need their Security Reference Number (SRN) or Holder Identification Number (HIN) to do so. If a Shareholder is lodging their vote online, they must do so by 10:00am (AWST) on Monday, 3 August 2020 in order for the vote to be valid.

**Voting in person or by attorney**

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. A certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

**In order for the Company to practice social distancing and comply with COVID-19 pandemic restrictions, please advise the Company on +61 8 9481 3434 or by email at [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au), that you intend to attend the meeting in person.**

**Voting by a corporation**

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the Meeting.

**Voting by proxy**

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.

- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- A Shareholder who returns their Proxy Form with a direction how to vote, but does not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned with a direction how to vote, but the nominated proxy (who is not Chairman of the Meeting) does not attend the Meeting or does not vote on the relevant Resolution(s), the Chairman of the Meeting will act in place of the nominated proxy and vote on a poll in accordance with any instructions.
- Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolution proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolution. These rules are explained in this Notice.
- Proxies must be received 10:00am (AWST) on Monday, 3 August 2020. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - **In person:** Advanced Share Registry Limited, 110 Stirling Hwy, Nedlands WA 6009
  - **By mail:** Advanced Share Registry Limited, PO Box 1156, Nedlands WA 6909
  - **By facsimile:** +61 8 6370 4203
  - **By scanning the Proxy Form and emailing it to:** [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

**Voting online**

A Shareholder may vote directly on the Resolution considered at the Meeting by lodging their vote with the Company online prior to the Meeting. This enables Shareholders to exercise their voting rights without needing to attend the Meeting or appoint a proxy.

Please note that a Shareholder who has cast their vote online may attend the Meeting, but their attendance cancels the vote unless the Shareholder directs otherwise at the Meeting.

Online votes must be received by 10:00am (AWST) on Monday, 3 August 2020. Online votes cannot be lodged after this time.

**Shareholders who are entitled to vote**

In accordance with regulation 7.11.37 and 7.11.38 of the Corporations Regulations, the Company has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm (AWST) on Monday, 3 August 2020.

# Gascoyne Resources Limited (Subject to Deed of Company Arrangement)

ABN 57 139 522 900

## Explanatory Statement

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This Explanatory Statement has been prepared in connection with the business to be conducted at the Meeting to be held at Celtic Club, 48 Ord Street, Perth, Western Australia on Wednesday, 5 August 2020 at 10:00am (AWST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Statement (including the Schedules) should be read in conjunction with, and forms part of, the accompanying Notice. A Proxy Form accompanies this Explanatory Statement.

Terms used in this Notice have the meaning given to them in the glossary below.

## 1 Overview

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### 1.1 Background

The Company is a gold mining and exploration company that was listed on the ASX in December 2009. The Group holds assets and exploration tenements in the Gascoyne and Murchison regions of Western Australia.

The Group's current projects include gold production and exploration at the Dalgaranga Gold Project and gold exploration at the Glenburgh Gold Project. The Group comprises the Company, its wholly-owned subsidiary GNT Resources (which operates the Dalgaranga Gold Project) and several non-operating wholly-owned subsidiaries (some of which hold ancillary assets, namely tenements).

The Dalgaranga Gold Project consists of a fully established mine with a fully operational carbon-in-leach processing facility, camp and airstrip, which is currently producing gold. Commissioning and the first gold pour were completed in May 2018.

### 1.2 Administration

During the first 12 months of production, the Group faced financial difficulties at the Dalgaranga Gold Project, primarily due to lower grade ore being delivered to the mill than forecast under the Ore Reserve model at the time. As a result, cash flows from the operation were significantly lower than forecast. Between August 2018 and May 2019, the Group sought funding in order to continue the operations at the Dalgaranga Gold Project.

In May 2019, a revised Mineral Resource model was prepared using a new methodology, known as Localised Uniform Conditioning (**LUC**). A revised forecast cash flow model, based on the updated resource information from the LUC model, indicated that the Group would face a significant cash shortfall from operations over the subsequent six months. With a lack of sufficient available funding at the time, the Board placed the Group into voluntary administration.

On 2 June 2019, Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting were appointed as joint and several voluntary administrators of the Company and each of its wholly-owned subsidiaries (**Administrators**). At the time of appointment, the Group employed approximately 90 staff across the Dalgaranga Gold Project site and the Group's West Perth head office. A further approximately 290 staff in the mining workforce were employed by NRW and more than 35 other external contractors were engaged to support the operations.

The Administrators determined that the best option to preserve the value of the Group's assets was to continue trading the operations on a 'business as usual' basis, rather than placing the mine on care and maintenance. With the support of the Group's secured creditors, employees and the mine's key suppliers, the Administrators stabilised the business, implemented workstreams to complete mining technical work (necessary to optimise the mine and its operations), and initiated a dual track process to achieve either a sale or recapitalisation of the Group or its assets.

As previously announced to Shareholders in June 2020, the Company is on track to exceed 70,000 ounces for the 2019/2020 financial period. Furthermore, after a fifth consecutive month of more than 6,000 ounces of gold produced, the Company is on track to achieve the upper end of guidance for the June 2020 quarter (18-21Koz).

This achievement directly reflects the higher grades accessed from the Gilbey's Main Zone at the Dalgaranga Gold Project, supported by high grade ore from the base of the Golden Wings pit. This was made possible by the decision to reinvest approximately \$10 million of cash flow into a short cutback acceleration of the Western Wall of the main Gilbey's pit from November 2019 to February 2020. The cutback acceleration was designed to de-risk the mine's access to sustainable quantities of Gilbey's Main Zone ore to keep the processing plant at maximum capacity. An additional approximately \$4.5 million has been reinvested into long term infrastructure and other improvements. Additionally, it is important to note that it is anticipated that future adjustments to cutback mining rates are likely to be made in the normal course of optimising life of mine planning.

On 18 June 2020, pursuant to their Report to Creditors, the Administrators recommended that the Company's unsecured creditors approve a deed of company arrangement (**DOCA**) as part of a broader recapitalisation and relisting plan. This recommendation came after a significant operational turnaround was achieved at the Company over the previous 13 months.

An updated Mineral Resource estimate was also released by the Company on 10 June 2020. The updated Ore Reserve and life of mine plan for the Dalgaranga Gold Project is currently being finalised and is due for release during July 2020.

On 25 June 2020, at a second meeting of creditors, the Company's creditors passed a resolution approving entry into the DOCA, the key terms of which are set out in section 1.5 below. The purpose of the DOCA is to restructure the Company's debts and facilitate the recapitalisation of the Company, as contemplated by the Recapitalisation described below. The Group entered into the DOCA on 26 June 2020. Under the DOCA, the Administrators were appointed joint and several deed administrators (**Deed Administrators**).

In addition, the Deed Administrators and the Company are in the process of agreeing a partial refinancing of the Group's secured banking facilities (currently with National Australia Bank Ltd and Commonwealth Bank of Australia (the **Original Banks**)). Further details are set out in section 1.6 below.

NRW has also agreed to convert part of its debt into Shares, further details in respect of which are set out in section 4 below.

### 1.3 Recapitalisation

The recapitalisation will comprise a capital raising and a restructure or extinguishment of all existing claims and debts of the Group as at the date of appointment of the Administrators on 2 June 2019 (**Recapitalisation**). The purpose of the Recapitalisation is to:

- (a) restructure the Company's capital and asset base;
- (b) raise funds for the working capital requirements of the Company;
- (c) achieve effectuation of the DOCA and retirement of the Deed Administrators;
- (d) discharge the claims of certain of the Group's creditors; and
- (e) facilitate the reinstatement of the Shares to trading on the ASX.

The proposed new Directors, key Shareholders, contractors and creditors of the Group have given their support for the Recapitalisation of the Company.

This Notice primarily seeks Shareholder approval for issue of Shares as contemplated by the Recapitalisation. This Notice also seeks Shareholder approval for the Company undertaking a consolidation of its Share capital on a 20 for 1 basis (**Consolidation**), for the election of new non-executive Directors and for the issue of Shares to Mr Richard Hay.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. If Shareholders pass the Resolutions and the Recapitalisation is successfully implemented, the Company will be in a position to apply to for reinstatement of its Shares to trading on the ASX. The reinstatement of its Shares to trading on the ASX will be subject to the satisfaction of the ASX conditions to reinstatement detailed in Schedule 2.

Resolutions 1 to 5, 7 and 8 are interdependent, meaning that Shareholders must pass each of each of these Resolutions for the Recapitalisation to be implemented. If Shareholders approve some (but not all) of these Resolutions, the Recapitalisation will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Group's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

The Company will also lodge a Prospectus with ASIC setting out further details in relation to the Recapitalisation and formally offering Shareholders their entitlement to participate in the relevant part of the Recapitalisation. A copy of the Prospectus will be sent to Eligible Shareholders and will also be available on the Company's website. Shareholders should read the Prospectus for further details of the Recapitalisation.

## 1.4 Capital Raising

The Recapitalisation will involve the Company undertaking a capital raising to raise at least \$75 million and up to \$85 million (**Capital Raising**).

The Capital Raising will comprise:

- (a) an accelerated non-renounceable entitlement offer to Eligible Shareholders at an issue price of between \$0.020 and \$0.050 per Share comprising an Institutional Entitlement Offer and a Retail Entitlement Offer, to raise up to \$50 million (**Entitlement Offer**);
- (b) an offer of Shares not subscribed for under the Entitlement Offer by Eligible Shareholders, which is available to existing Shareholders and new investors (**Shortfall Offer**); and
- (c) an offer of Shares to sophisticated, professional and experienced investors at the same price as the Entitlement Offer, to raise up to \$35 million (**Recapitalisation Placement**).

Subject to Shareholder approval being obtained as contemplated by this Notice, a final decision on the issue price and Entitlement Offer ratio will be made by the Company in consultation with its advisors. This information will be set out in the Prospectus, together with further details regarding the Capital Raising.

## 1.5 DOCA

As noted above, the Group entered into the DOCA on 26 June 2020.

The DOCA provides for the continuation of the Group's business and operations. It has been formulated to enable a possible return to priority creditors (employees) and unsecured creditors of up to 100 cents in the dollar through a combination of debt repayment and equity entitlement to the value of the creditors' claims.

The DOCA contemplates that the entitlements of the employees who continue to be employed by the Group will be preserved and paid out in the normal course of business of the Group. Employees whose employment ended during the administration, with pre-appointment entitlements outstanding, will be paid their entitlements within one month from the date of execution of the DOCA.

The DOCA also contemplates that a creditors' trust will be established and all unsecured creditors whose claims are released by the DOCA will become beneficiaries of the trust to the value of their debt against the Group (**Creditors' Trust**). Payments will be made to beneficiaries of the Creditors' Trust as follows:

- (a) up to \$10,000 in cash for each unsecured claim from the proceeds of the Capital Raising; and
- (b) in respect of any remaining balance owed to unsecured creditors who are owed more than \$10,000 (**Large Creditors**):
  - (1) as to 50% of the relevant beneficiary's claim (less the sum of \$10,000 paid in cash), by directing the Trustees of the Creditors' Trust to either:
    - (A) transfer Shares to that beneficiary at the issue price under the Entitlement Offer in two tranches (namely half of the Shares one month after effectuation of the DOCA and the other half of the Shares two months after effectuation of the DOCA); or
    - (B) sell the relevant proportion of Shares and remit the proceeds of sale to the relevant beneficiary within three months after effectuation of the DOCA); and

- (2) as to the balance, paid in cash within 8 months after effectuation of the DOCA (such amount to be paid to the Creditors' Trust within 6 months after effectuation of the DOCA and then paid to beneficiaries within two months of such date).

Effectuation of the DOCA is subject to certain conditions precedent being satisfied or waived by the Deed Administrators on written notice to the unsecured creditors, including:

- (a) execution by the Original Banks and the relevant Group companies of an agreement to release all security held by the Original Banks over the Group's assets;
- (b) repayment of the debt owed to the Original Banks;
- (c) execution of a hedging facility on terms approved by the Deed Administrators;
- (d) entry into a facility agreement to refinance part of the debt owed to the Original Banks (and an associated first ranking security);
- (e) the appointment of a managing Director and two or more non-executive Directors to the Board by the Deed Administrators; and
- (f) completion of the Capital Raising on terms satisfactory to the Deed Administrators.

If the conditions precedent to effectuation of the DOCA are satisfied, amongst other things:

- (a) the DOCA will terminate and control of the Group will pass from the Deed Administrators to the Directors;
- (b) the Company will issue the Shares pursuant to the Entitlement Offer, the Shortfall Offer and the Recapitalisation Placement (with the proceeds being applied in accordance with the DOCA);
- (c) the Company will issue the NRW Shares (as described in section 4 below) and the Creditor Shares (as described in section 5 below); and
- (d) an amount (which is currently expected to be approximately \$3 million) will be paid to the Trustees of the Creditors' Trust in partial satisfaction of unsecured creditors' claims in accordance with the DOCA.

## **1.6 Secured creditors**

As part of the Recapitalisation, the Deed Administrators and the Company are in the process of agreeing a refinancing of part of the Group's secured banking facilities with the Original Banks.

The Company will keep Shareholders informed in the usual course regarding the status of its discussions with the Original Banks and potential new financiers. Further details of the Group's secured banking arrangements will also be set out in the Prospectus.

In addition, as part of the Recapitalisation, NRW has agreed to convert part of its debt into Shares, further details in respect of which are set out in section 4 below.

## **1.7 ASX reinstatement conditions**

Trading in Shares has been suspended since 2 June 2019, following the appointment of the Administrators. ASX has confirmed the conditions for reinstatement of the Shares to trading on the ASX. The key conditions are:

- (a) confirmation that all the conditions to the DOCA have been satisfied (or, if any of the conditions have been waived, such waiver is on terms acceptable to ASX);
- (b) Shareholders approving all the Resolutions required to effect the Recapitalisation; and
- (c) the Company demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX.

The full list of conditions to reinstatement of the Shares to trading on the ASX are detailed in Schedule 2.

## 1.8 Indicative timetable for the Recapitalisation

An indicative timetable for implementation of the Recapitalisation is set out below.

Event	Indicative date
Lodgement of this Notice	3 July 2020
Record date (at 5:00pm (AWST))	3 August 2020
Extraordinary General Meeting	5 August 2020
Announcement of Entitlement Offer and Recapitalisation Placement	6 August 2020
Lodgement of Prospectus with ASIC and ASX	6 August 2020
Institutional Entitlement Offer and Recapitalisation Placement opens	6 August 2020
Institutional Entitlement Offer and Recapitalisation Placement closes	10 August 2020
Announcement of results of Institutional Entitlement Offer and Recapitalisation Placement	10 August 2020
Record date for the Entitlement Offer	10 August 2020
Despatch of the Prospectus and entitlement and acceptance forms to Eligible Shareholders	13 August 2020
Retail Entitlement Offer opens	13 August 2020
Retail Entitlement Offer closes	26 August 2020
Announcement of results of Retail Entitlement Offer	27 August 2020
Settlement date for Institutional Entitlement Offer, Recapitalisation Placement and Retail Entitlement Offer	31 August 2020
Issue date of new Shares under the Institutional Entitlement Offer, Placement and Retail Entitlement Offer	1 September 2020
Effective date of Consolidation of Shares	4 September 2020

Record date in relation to the Consolidation of Shares	7 September 2020
Register updated to reflect change in the number of Shares post-Consolidation	8 September 2020
Satisfaction of ASX reinstatement conditions	8 September 2020
Expected date for Shares to recommence trading on ASX	9 September 2020

This timetable is indicative only and is subject to change. Subject to the Listing Rules, the Company and Deed Administrators reserve the right to vary these dates without prior notice. The Company and the Deed Administrators also reserve the right not to proceed with the whole or part of the offers at any time prior to allotment.

## 1.9 Indicative capital structure

As at the date of this Notice, the Company's capital structure is as set out below:

	Shares	Options
As at the date of this Notice (prior to Recapitalisation)	1,004,864,955	3,800,000

### Pre-Consolidation

An indicative capital structure for the Company following successful implementation of the Recapitalisation is set out below (on a pre-Consolidation basis). This is an indicative capital structure only and is based on the Company issuing the maximum number of Shares contemplated by this Explanatory Memorandum. The actual number of Shares issued may be less than this maximum number.

The number of Options currently on issue (3,800,000) will remain the same pre-Consolidation and accordingly are not separately listed in the table below.

Indicative Share Capital Structure (Pre-Consolidation)				
Indicative price per Share	\$0.020	\$0.030	\$0.040	\$0.050
<i>New Shares to be issued under the Entitlement Offer (Resolution 1)</i>	2,500,000,000	1,666,666,667	1,250,000,000	1,000,000,000
<i>New Shares to be issued under the Recapitalisation Placement (Resolution 2)</i>	1,750,000,000	1,166,666,667	875,000,000	700,000,000



<i>New Shares to be issued to NRW (Resolution 3)</i>	600,000,000	400,000,000	300,000,000	240,000,000
<i>New Shares to be issued to the Creditors' Trust (Resolution 4)</i>	150,000,000	100,000,000	75,000,000	60,000,000
<i>New Bonus Shares to be issued to Richard Hay (Resolution 9)</i>	12,500,000	8,333,333	6,250,000	5,000,000
<b>Post-Recapitalisation (minimum subscription \$75 million)</b>	<b>5,517,364,955</b> (1.990-for-1 ratio)	<b>4,013,198,288</b> (1.327-for-1 ratio)	<b>3,261,114,955</b> (0.995-for-1 ratio)	<b>2,809,864,955</b> (0.796-for-1 ratio)
<b>Post-Recapitalisation (mid-point subscription \$80 million)</b>	<b>5,767,364,955</b> (2.239-for-1 ratio)	<b>4,179,864,955</b> (1.493-for-1 ratio)	<b>3,386,114,955</b> (1.120-for-1 ratio)	<b>2,909,864,955</b> (0.896-for-1 ratio)
<b>Post-Recapitalisation (maximum subscription \$85 million)</b>	<b>6,017,364,955</b> (2.488-for-1 ratio)	<b>4,346,531,622</b> (1.659-for-1 ratio)	<b>3,511,114,955</b> (1.244-for-1 ratio)	<b>3,009,864,955</b> (0.995-for-1 ratio)

### Post-Consolidation

An indicative capital structure for the Company following successful implementation of the Recapitalisation is set out below (on a post-Consolidation basis).

As a result of the Recapitalisation, the 3,800,000 Options currently on issue (pre-Consolidation) are subject to a revaluation in accordance with their terms and the Listing Rules. As described in sections 6.1 and 6.3 below, the effect of this revaluation is that the number of Options on issue would be adjusted to 190,000 and the exercise price of each Option would be adjusted to \$7.60 (which is considered to be a non-commercial level). As a result, the Company intends to cancel all of the outstanding Options for nominal consideration prior to launch of the Capital Raising and lodgement of the Prospectus.

<b>Indicative Share Capital Structure (Post-Consolidation)</b>				
<b>Indicative price per Share</b>	<b>\$0.40</b>	<b>\$0.60</b>	<b>\$0.80</b>	<b>\$1.00</b>
Post-Recapitalisation (minimum subscription \$75 million)	275,868,248	200,659,914	163,055,748	140,493,248

Post-Recapitalisation (mid-point subscription \$80 million)	288,368,248	208,993,248	169,305,748	145,493,248
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Post-Recapitalisation (maximum subscription \$85 million)	300,868,248	217,326,581	175,555,748	150,493,248
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## 1.10 Pro forma consolidated statement of financial position

Schedule 4 sets out an unaudited pro forma consolidated statement of financial position for the Company as at 31 May 2020 (**Pro Forma**). The Pro Forma reflects the effect of the Recapitalisation.

The Pro Forma is presented in abbreviated form only and does not include all disclosures that may be present in annual financial reports as required by the Australian Accounting Standards. The significant accounting policies that underpin the Pro Forma are the same policies as those outlined in the Company's Annual Report for the half year ended 31 December 2019.

The Pro Forma has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 May 2020 and the completion of the Entitlement Offer, except for the Recapitalisation.

## 1.11 Use of funds

The proposed use of funds raised under the Entitlement Offer (and the Placement) is set out below:

	Minimum subscription (\$75 million)	Maximum subscription (\$85 million)
Repayment of the Group's secured banking facilities (currently with the Original Banks), including accrued but unpaid interest	\$40.0 million	\$40.0 million
Establishment of a minimum cash balance reserve to meet requirements of the proposed new facility agreement to refinance part of the debt owed to the Original Banks	\$10.0 million	\$10.0 million
Satisfaction of the upfront payment to NRW, as referred to in section 4.1	\$6.6 million	\$7.0 million
Exploration and evaluation activities	\$3.0 million	\$3.0 million
Payments to the Creditors' Trust	\$3.0 million	\$3.0 million
Estimated costs of the Capital Raising	\$6.0 million	\$6.8 million
General working capital purposes	\$6.4 million	\$15.2 million

## 1.12 Advantages and disadvantages

The advantages of passing the Resolutions relating to the Recapitalisation and the subsequent implementation of the Recapitalisation include:

- (a) a substantial reduction in the debt position of the Company;
- (b) the Company will retain its 100% interest in and control of the Dalgaranga Gold Project and its interests in other exploration projects;
- (c) the Company will have a re-constituted balanced sheet and sufficient working capital to continue mining and production activities at the Dalgaranga Gold Project and other exploration activities;
- (d) completion of the Recapitalisation will assist the Company to achieve a level of financial condition, proportion of assets in cash, level of spread and appropriate structure and operations that will allow it to comply with Listing Rules 12.1 to 12.5 and seek reinstatement of its Shares to trading on the ASX; and
- (e) some value will be retained for existing Shareholders.

If the Recapitalisation does not proceed, the Company is unlikely to be able to source adequate funds to meet its obligations in respect of its current debts and the Company may be placed into liquidation and/or a sale of the Group's assets may occur. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

The principal disadvantage of the Recapitalisation is that existing Shareholders will have their holdings diluted following the issue of the Shares the subject of the Resolutions. However, this must be balanced with the fact that should the Recapitalisation not proceed, the Company may be placed into liquidation and/or a sale of the Group's assets may occur, as noted above.

If Shareholders do not approve the Resolutions, then the Deed Administrators have advised that, in the absence of any other deed of company arrangement proposal or a variation of the terms of the DOCA, the DOCA will terminate and the Company will be placed into liquidation and/or the Group's assets may be sold. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

## 1.13 Interdependence of the Resolutions relating to the Recapitalisation

Resolutions 1 to 5, 7 and 8 are interdependent, meaning that Shareholders must pass each of each of these Resolutions for the Recapitalisation to be implemented.

In addition, Resolutions 9 and 10 are dependent on Resolutions 1 to 5, 7 and 8, meaning that Shareholders must pass each of Resolutions 1 to 5, 7 and 8 for Shares to be capable of being issued to Richard Hay as contemplated by Resolutions 9 and 10.

## 1.14 Recommendation

Following completion of the Recapitalisation, the Company intends to pursue to the following strategy within the 12 to 18 month period following completion of the Recapitalisation:

- (a) consolidate operational performance and cashflow generation at the Dalgaranga Gold Project;
- (b) conduct resource definition drilling of the Gilbey's and Sly Fox deposits with a view to extending the mine life at the Dalgaranga Gold Project;
- (c) commence drilling defined targets and reconnaissance areas on the exploration tenements surrounding the Dalgaranga Gold Project targeting the discovery of additional ore feed to extend mine life;
- (d) investigate and advance regional processing hub opportunities that may add value to the Dalgaranga Gold Project;
- (e) update the Mineral Resource estimate at the Glenburgh Gold Project and, subject to favourable indicators, commence an update of the pre-feasibility study; and
- (f) conduct low impact gold target generation exploration activities on the Company's Mumbakine Well and Beebyn regional exploration projects.

Further details in respect of the Company's strategy will be set out in the Prospectus.

The Deed Administrators recommend that, in the context of the Company's current circumstances and given the creditors' approval of the Recapitalisation, Shareholders approve all of the Resolutions. However, Shareholders must decide for themselves how to vote based on the matters detailed in this Explanatory Statement.

## 1.15 Forward looking statements

The forward looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company, its Directors and the Deed Administrators, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Statement. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

## 2 Resolution 1 – Approval for issue of Shares under Entitlement Offer

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### 2.1 Summary of terms of the Entitlement Offer

The Entitlement Offer comprises a non-renounceable entitlement offer at an issue price of between \$0.020 and \$0.050 per Share, to raise up to \$50 million.

The Entitlement Offer will be made pursuant to the Prospectus.

The Entitlement Offer will be completed prior to the Company's Shares being reinstated to trading on the ASX.

The Company has appointed Canaccord Genuity (Australia) Limited as lead manager of the Capital Raising.

The Deed Administrators are of the view that the Entitlement Offer will provide the most certain outcome for the Company in the present circumstances and allows the Company's existing Shareholders the opportunity to participate in the funding of the Company to minimise the dilution effect following completion of the Recapitalisation.

### 2.2 Listing Rule waiver and Entitlement Offer ratio

Listing Rule 7.11.3 provides that the ratio of securities offered for a pro rata issue (such as the Entitlement Offer) must not be greater than 1-for-1 unless the offer is renounceable and the issue price is not more than the average market price for the securities calculated over the last 5 days on which sales in the securities were recorded before the date on which the pro rata issue was announced.

The Company has obtained a waiver from the requirements of Listing Rule 7.11.3 to enable it to undertake the issue of Shares under the Entitlement Offer at a ratio to be determined but which may be greater than 1-for-1 but not more than 2.5-for-1 (**Entitlement Offer Waiver**). It is a condition of the Entitlement Offer Waiver that Shareholders approve the Entitlement Offer. Resolution 1 seeks this approval.

In accordance with the Entitlement Offer Waiver, the Company will disregard any votes cast on Resolution 1 by any of its substantial shareholders, any party that underwrites or sub-underwrites the Entitlement Offer (noting that as at the date of this Notice the Entitlement Offer is not underwritten), any brokers or managers of the Entitlement Offer, any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any of their respective associates.

Further details regarding the ratio under the Entitlement Offer are set out in indicative capital structure table in section 1.9 above.

### 2.3 Conditions

The Entitlement Offer is conditional on Shareholders approving the Entitlement Offer. This is the subject of Resolution 1.

The Company will disregard any votes cast by or on behalf of any party that underwrites or sub-underwrites the Entitlement Offer (noting that as at the date of this Notice the Entitlement Offer is not underwritten), any brokers or managers of the Entitlement Offer, any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any of their respective associates.

For the Recapitalisation Proposal to be implemented, at least \$75 million (before costs) must be raised under the Capital Raising. If Shareholders do not approve Resolutions 1 to 5, 7 and 8, the Entitlement Offer will not proceed and the Company will refund all application money received (without interest) in accordance with the Corporations Act.

## **2.4 Underwriting**

At the date of this Notice, the Company has not entered into an underwriting commitment in respect of the Capital Raising. This will be the subject of continued discussions prior to lodgement of the Prospectus.

## **2.5 Capital structure**

The effect of the Entitlement Offer on the capital structure of the Company is set out in section 1.9 above.

## **2.6 Issue price of Shares**

Shares under the Entitlement Offer will be offered at an issue price of between \$0.020 per share and \$0.050 per Share (with such price being confirmed in the Prospectus).

## **2.7 Terms of the Shares**

The Shares offered under the Entitlement Offer will be fully paid ordinary shares in the capital of the Company. A summary of the rights and liabilities attaching to the Shares offered under the Entitlement Offer will be set out in the Prospectus.

## **2.8 Persons to whom Shares will be issued**

Shares under the Entitlement Offer will be issued to:

- (a) Eligible Shareholders who take up their entitlements (either in full or in part);
- (b) Shareholders who apply for additional Shares (in the event of a shortfall in applications due to other Shareholders not taking up their entitlements); and
- (c) other investors identified by the Company in conjunction with the lead manager (in the event of a shortfall arising due to Shareholders not taking up their entitlements).

## **2.9 Other material information**

Except as detailed in this Notice, in the opinion of the Deed Administrators, there is no other information material to the making of a decision in relation to the Entitlement Offer, being information that is within the knowledge of any Deed Administrators, which has not previously been disclosed to Shareholders.

## **2.10 Recommendation**

Having regard to all the considerations detailed in this Notice, the Deed Administrators consider that, in the absence of a superior proposal, the expected advantages of the Entitlement Offer outweigh its potential disadvantages and risks.

After considering all these factors, in the absence of a superior proposal, the Deed Administrators recommend that Shareholders vote in favour of Resolution 1 to approve the Entitlement Offer. The recommendations are based on the reasons detailed in section 1.10.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

## 3 Resolution 2 – Approval for issue of Shares under Recapitalisation Placement

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### 3.1 Background

As part of the Capital Raising, the Company is making an offer of Shares to sophisticated, professional and experienced investors to raise up to approximately \$35 million at the same price per Share as the Entitlement Offer. This is the Recapitalisation Placement.

Resolution 2 seeks Shareholder approval for the issue of up to 1,750,000,000 Shares (pre-Consolidation) under the Recapitalisation Placement at the same price per Share as the Entitlement Offer (**Placement Shares**).

None of the investors under the Recapitalisation Placement will be a related party (or an associate of a related party) of the Company (other than Mr Hay, as contemplated by Resolution 10).

### 3.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of approving Resolution 2 will be to allow the Company to issue Shares to sophisticated, professional and experienced investors during the 3 month period after the Meeting, without using the Company's 15% placement capacity under Listing Rule 7.1.

### 3.3 Information required by Listing Rule 7.3

The following information is provided to Shareholders in relation to the Placement Shares for the purposes of Listing Rule 7.3:

- (a) the Placement Shares will be issued to sophisticated, professional and experienced investors;
- (b) the maximum number of Placement Shares to be issued is 1,750,000,000 Shares;
- (c) the Placement Shares will be issued as soon as possible following the passing of Resolution 2 (subject to each other Resolution also being passed), but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) the Placement Shares will be issued at the same price per Share as the Entitlement Offer, being between \$0.020 and \$0.050 per Share;
- (e) the Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of their issue;
- (f) the Company intends to use the funds raised from the issue of the Placement Shares as described in section 1.11 above; and
- (g) a voting exclusion statement for Resolution 2 is included in the Notice.

### 3.4 Recommendation

The Deed Administrators recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

## 4 Resolution 3 – Approval for issue of Shares to NRW

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### 4.1 Background

As at 2 June 2019 (the date of appointment of the Administrators), GNT Resources owed approximately \$32.7 million to NRW, including under the mining services contract entered into on 13 December 2017 (as amended from time to time) (**NRW Mining Contract**).

As part of the Recapitalisation, NRW has agreed to release all claims against the Group in respect of this debt and GNT Resources has agreed to repay this debt to NRW by way of the following:

- (a) an upfront payment equal to 8.75% of the gross proceeds of the Capital Raising, up to a maximum of \$7 million. This upfront payment is required to be paid to NRW within 5 business days of completion of the Capital Raising;
- (b) an issue of such number of Shares calculated at the issue price under the Entitlement Offer as is equal to \$12.0 million (**NRW Shares**) (this being the **NRW Debt to Equity Conversion**). Subject to Shareholder approval being received as contemplated by this Resolution 3, the NRW Shares will be issued pursuant to the Prospectus and shortly prior to reinstatement of the Shares to trading on the ASX. NRW has agreed not to dispose of any of the NRW Shares during the period ending 6 months after completion of the Capital Raising; and
- (c) a contingent payment amount equal to \$32.7 million less the amount of the upfront payment and the amount of the NRW Debt to Equity Conversion described above.

The contingent payment amount will be payable in quarterly instalments (subject to certain conditions being satisfied, including with respect to a minimum gold price of A\$2,000, financial covenants in the Group's secured banking facilities and available cash), with the first quarter commencing 1 January 2021. The amount of each instalment will be calculated based on an agreed percentage of revenue achieved by the Group in relation to the number of ounces of gold sold by or on behalf of the Group during the relevant quarter.

Resolution 3 seeks Shareholder approval for the issue of the NRW Shares.

In addition, GNT and NRW are in the process of agreeing a variation to the NRW Mining Contract to take effect on completion of the DOCA. The Company will keep shareholders informed in the usual course regarding the status of its discussions with NRW in relation to the variation to the NRW Mining Contract. Further details regarding the terms of the NRW Mining Contract will also be set out in the Prospectus.

### 4.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of approving Resolution 3 will be to allow the Company to issue Shares to NRW during the 3 month period after the Meeting, without using the Company's 15% placement capacity under Listing Rule 7.1.

### 4.3 Information required by Listing Rule 7.3

The following information is provided to Shareholders in relation to the NRW Shares for the purposes of Listing Rule 7.3:

- (a) the NRW Shares will be issued to NRW;
- (b) the maximum number of Shares that the Company may issue to NRW is 600,000,000 Shares;
- (c) the NRW Shares will be issued as soon as possible following the passing of Resolution 3 (subject to each other Resolution being passed), but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);

- (d) the NRW Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of their issue;
- (e) the NRW Shares will be issued for nil consideration as part of the NRW Debt to Equity Conversion (and the terms of the relevant agreement are summarised in section 4.1 above), however the deemed issue price of each NRW Share will be at the same price per Share as the Entitlement Offer (being between \$0.020 and \$0.050 per Share);
- (f) no funds will be raised as the Shares to be issued to NRW under Resolution 3 will be issued in satisfaction of part of the Company's secured debt to NRW; and
- (g) a voting exclusion statement for Resolution 3 is included in the Notice.

#### 4.4 Recommendation

The Deed Administrators recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

## 5 Resolution 4 – Approval for issue of Shares to the Trustees of the Creditors' Trust for the benefit of Large Creditors under DOCA

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### 5.1 Background

As part of the Recapitalisation, the DOCA contemplates that payments will be made to the Trustees of Creditors' Trust and also that Shares will be issued to the Trustees of the Creditors' Trust for the benefit of those unsecured creditors of the Group who are beneficiaries of the Creditors' Trust, as follows:

- (a) up to \$10,000 in cash for each unsecured claim from the proceeds of the Capital Raising;
- (b) in respect of any remaining balance owed to unsecured creditors who are owed more than \$10,000, being the Large Creditors:
  - (1) as to 50% of the relevant beneficiary's claim (less the sum of \$10,000 paid in cash), by directing the trustees of the Creditors' Trust to either:
    - (A) transfer Shares to that beneficiary at the issue price under the Entitlement Offer in two tranches (namely half of the Shares one month after effectuation of the DOCA and the other half of the Shares two months after effectuation of the DOCA); or
    - (B) sell the relevant proportion of Shares and remit the proceeds of sale to the relevant beneficiary within three months after effectuation of the DOCA); and
  - (2) as to the balance, paid in cash within 8 months after effectuation of the DOCA (such amount to be paid to the Creditors' Trust within 6 months after effectuation of the DOCA and then paid to beneficiaries within 2 months of such date).

As at the date of this Notice, there are approximately 140 unsecured creditors the subject of the DOCA and the amount owed by the Company to these unsecured creditors is approximately \$6 million.

Resolution 4 seeks Shareholder approval for the issue of up to 150,000,000 Shares (pre-Consolidation) to the Trustees of the Creditors' Trust in accordance with the DOCA at the same price as the Entitlement Offer (being between \$0.020 and \$0.050 per Share) (**Creditor Shares**).

None of the Large Creditors who may receive the Creditor Shares from the Creditors' Trust will be a related party (or an associate of a related party) of the Company.



## 5.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of approving Resolution 4 will be to allow the Company to issue Shares to the trustees of the Creditors' Trust for the benefit of the Large Creditors, in accordance with the DOCA, during the 2 month period after the Meeting, without using the Company's 15% placement capacity under Listing Rule 7.1.

## 5.3 Information required by Listing Rule 7.3

The following information is provided to Shareholders in relation to the Creditor Shares for the purposes of Listing Rule 7.3:

- (a) the Creditor Shares will be issued to the Creditors' Trust to be held and dealt with in accordance with the DOCA;
- (b) the maximum number of Creditor Shares to be issued is 150,000,000 Shares;
- (c) the Creditor Shares will be issued as soon as possible following the passing of Resolution 4 (subject to each other Resolution also being passed), but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) the Creditor Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of their issue;
- (e) no funds will be raised as the Creditor Shares to be issued under Resolution 4 will be issued in satisfaction of the relevant debts owed by the Company;
- (f) the Creditor Shares will be issued for nil consideration in accordance with the DOCA (the terms of which are summarised in sections 1.5 and 5.1 above), however the deemed issue price of each Creditor Share will be the same price per Share as the Entitlement Offer (being between \$0.020 and \$0.050 per Share); and
- (g) a voting exclusion statement for Resolution 4 is included in the Notice.

## 5.4 Recommendation

The Deed Administrators recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

# 6 Resolution 5 – Consolidation of Share capital

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## 6.1 Background

As at the date of this Notice, the Company has 1,004,864,955 Shares and 3,800,000 Options on issue. Subject to Shareholders approving Resolutions 1 to 4 and 9, the Company will have up to 6,017,364,955 Shares on issue (pre-Consolidation).

Section 254H of the Corporations Act provides that a Company may convert all or any of its shares into a larger or smaller number by resolution passed in a general meeting.

The Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the Shares and the exercise price of Options be amended in inverse proportion to that ratio. As noted in section 1.9 above, the Company intends to cancel all of the outstanding Options for nominal consideration prior to launch of the Capital Raising and lodgement of the Prospectus.

Resolution 5 seeks Shareholder approval for the Consolidation, being a consolidation of Shares on issue on a 20 for 1 basis.

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company following completion of the Recapitalisation.

## **6.2 Fractional entitlements**

Not all Shareholders will hold a number of Shares that can be evenly divided by 20. Where a fractional entitlement occurs, the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half of a Share rounded down.

## **6.3 Effect of Consolidation**

An indicative capital structure for the Company following successful implementation of the Recapitalisation (on a post-Consolidation basis) is set out in section 1.9 above.

The Consolidation applies equally to all Shareholders (subject only to the rounding of fractions as described in section 6.2 above, which will be immaterial). The Consolidation will therefore not have a material effect on the percentage interest of each Shareholder.

Theoretically, the market price of each Share following the Consolidation should increase by 20 times its current value. Practically, the actual effect on the market price of each Share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each Share following Consolidation being higher or lower than the theoretical post-Consolidation price.

In accordance with Listing Rule 7.22, and the terms of the Options currently on issue, the Consolidation will involve a corresponding adjustment to Options, having the effect that the number of Options will reduce in proportion to the Shares and the exercise price will increase in inverse proportion to the Consolidation ratio. This means that every 20 Options exercisable at \$0.38 each will instead become a single Option exercisable at \$7.60 each.

## **6.4 Holdings statements**

From the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of an entitlement to a certain number of Shares. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders.

It is the responsibility of each Shareholder to check the number of Shares held prior to Consolidation and post-Consolidation.

## **6.5 Taxation**

It is not expected that any taxation implications will arise for Shareholders or Optionholders from the Consolidation. However, Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation, and neither the Company nor the Directors accept any responsibility for the individual taxation implications arising from the Consolidation.

## **6.6 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

# **7 Resolution 6 – Adoption of the New Constitution**

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## **7.1 Background**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 6 seeks Shareholder approval for the repeal of the Company's existing Constitution and the adoption of the New Constitution in accordance with section 136 of the Corporations Act.

Since the Company adopted the current Constitution in 2009, there have been changes to the Corporations Act, the Listing Rules and other regulatory requirements. There have also been developments in corporate governance practices. The Constitution is proposed to be updated to

reflect current corporate practice and to ensure it aligns with current legislation and regulatory requirements in Australia.

The New Constitution contains a number of changes to the current Constitution, many of which are administrative or relatively minor in nature and will not result in any material change to the rights and obligations of Shareholders.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## **7.2 Summary of New Constitution**

The key provisions of the New Constitution are summarised in Schedule 3.

Pursuant to section 648G of the Corporations Act, the New Constitution includes a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. Schedule 3 contains information relating to the proportional takeover bid provisions as required by section 648G of the Corporations Act.

A copy of the New Constitution is available for review by Shareholders on the Company's website ([www.gascoyneresources.com.au](http://www.gascoyneresources.com.au)) and at the office of the Company. A copy of the New Constitution can also be sent to Shareholders upon request to the Company Secretary.

## **7.3 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of Resolution 6.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

# **8 Resolution 7 – Election of George Bauk as a Director**

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## **8.1 Background**

The DOCA gives the Deed Administrators the power to remove and appoint Directors on written notice to the Company, or to fill any vacancy created as a result of the resignation of any Director.

The Deed Administrators propose the appointment of Mr George Bauk as a Director with effect from the close of the Meeting. It is proposed that Mr Bauk will be appointed to the role of Chairman of the Board once appointed.

Appropriate background checks have been completed in relation to Mr Bauk and there are no areas of concern revealed from the checks.

Mr Bauk's experience, qualifications and other information is set out below.

## **8.2 Qualifications and experience**

Mr Bauk is an experienced company director with over 14 years' experience as a listed company director in Australia with the resources industry in both production and exploration with assets in Western Australia, Australia and internationally.

He is an experienced executive, with 30 years' experience in the resources industry. Mr Bauk holds a Bachelor of Business (Accounting and Finance) from Edith Cowan University, is a Fellow of the CPA and has an MBA from the University of New England. Mr Bauk has held global operational and corporate roles with WMC Resources and Western Metals. Mr Bauk has a strong background in strategic management, business planning, building teams, finance and capital/debt raising, and experience with a variety of commodities in particular rare earths, gold and industrial minerals.

As Managing Director of Northern Minerals since 2010, he has led its rapid development from a Greenfields heavy rare earth explorer to now one of a few global producers of high value dysprosium outside of China. Mr Bauk is a passionate member of the WA resources industry having previously held a number of senior governing positions with the Chamber of Minerals and Energy including Vice President.

Directorships of listed entities (last three years):

- Managing Director of Northern Minerals Limited (March 2010 to June 2020)
- Chairman of Lithium Australia NL (July 2015 to current)
- Non-executive Director of BlackEarth Minerals NL (March 2017 to current)

### **8.3 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

## **9 Resolution 8 – Election of Rowan Johnston as a Director**

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### **9.1 Background**

The DOCA gives the Deed Administrators the power to remove and appoint Directors on written notice to the Company, or to fill any vacancy created as a result of the resignation of any Director.

The Deed Administrators propose the appointment of Mr Rowan Johnston as a Director with effect from the close of the Meeting.

Appropriate background checks have been completed in relation to Mr Johnston and there are no areas of concern revealed from the checks.

Mr Johnston's experience, qualifications and other information is set out below.

### **9.2 Qualifications and experience**

Mr Rowan Johnston is a mining engineer (graduating from the West Australian School of Mines) with significant experience as an Executive and Non-Executive Director. He is currently a Non-Executive Director of Bardoc Gold Limited and has previously been the Managing Director of Excelsior Gold Limited. Mr Johnston was also the acting Chief Executive Officer and Executive Director of Operations for Mutiny Gold Limited prior to its takeover by Doray Minerals Limited and an Executive Director of Integra Mining Limited prior to its merger with Silver Lake Resources Limited.

Mr Johnston has worked and studied in the mining (primarily gold) industry for 40 years throughout Australia and overseas and has experience working for owners, consultants and contractors. He has worked through several feasibility studies, start-ups, constructions, expansions and mergers.

Directorships of listed entities (last three years):

- Managing Director of Excelsior Gold Limited (September 2016 to October 2018)
- Executive Director of Bardoc Gold Limited (October 2018 to November 2019)
- Non-Executive Director of Bardoc Gold Limited (November 2019 to present)

### **9.3 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of Resolution 8.

The Chairman intends to exercise all available proxies in favour of Resolution 8.

## **10 Resolution 9 – Approval for issue of Bonus Shares to Richard Hay**

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### **10.1 Background**

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 12,500,000 Shares (pre-Consolidation) to Mr Richard Hay (or his nominee), being the maximum

number of Shares calculated at the issue price under the Entitlement Offer as is equal to \$250,000 (**Bonus Shares**).

Mr Hay is currently the Chief Executive Officer of the Company. The Deed Administrators propose appointing Mr Hay as the Managing Director of the Company with effect from the close of the Meeting.

The issue of the Bonus Shares is contemplated by the proposed terms of Mr Hay's employment contract, the material terms of which are as follows:

- (a) Mr Hay will be employed by the Company in the position of Managing Director on the day immediately following completion of the DOCA;
- (b) the Company will initially pay Mr Hay a base salary of \$550,000 plus \$25,000 in superannuation per annum and Mr Hay's remuneration package will be subject to review by the Board each year;
- (c) Mr Hay will be eligible for a 100% at risk, cash-based short term incentive (subject to key performance criteria being met) of 50% of his base salary;
- (d) Mr Hay will be entitled to a sign-on bonus equal to \$250,000, to be paid by the issue the Bonus Shares (or, if Shareholder approval is not received as contemplated by this Resolution 9, \$250,000 in cash); and
- (e) the employment contract may be terminated at any time by Mr Hay (by giving 3 months' notice) or by the Company (by giving 6 months' notice).

## 10.2 Listing Rule 10.11

Listing Rule 10.11 provides that Shareholder approval is required to issue, or agree to issue, securities to (amongst others) a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies. A related party of an entity includes a director of the entity.

The proposed issue of Bonus Shares to Mr Hay (or his nominee) does not fall within any of the exceptions in Listing Rule 10.12 and therefore Shareholder approval is required for the issue of the Bonus Shares.

The effect of approving Resolution 9 will be to allow the Company to issue the Bonus Shares to Mr Hay (or his nominee). If Shareholder approval is given for the issue of the Bonus Shares under Listing Rule 10.11, then Shareholder approval is not required under Listing Rule 7.1 as contemplated by Listing Rule 7.2 (Exception 14).

## 10.3 Listing Rule waiver

Listing Rule 10.13 sets out the requirements for the notice of meeting seeking Shareholder approval under Listing Rule 10.11. In particular, Listing Rule 10.13.5 requires that the notice of meeting includes the date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting.

The Company has obtained a waiver from the requirements of Listing Rule 10.13.5 to enable it to issue the Bonus Shares to Mr Hay no later than 3 months after the date of the Meeting. This waiver is subject to the following conditions:

- (a) this Notice sets out the proposed issue dates for the Bonus Shares and states that the Bonus Shares will be issued at the same time as unrelated parties and in any event no later than 3 months from the date of the Meeting (see section 10.4(e));
- (b) this Notice states that a maximum of 17,500,000 Shares will be issued to Mr Hay (comprising the Bonus Shares and the Director Placement Shares the subject of Resolution 10 (see sections 10.4(c) and 11.4(c)));
- (c) for any annual reporting period during which the Bonus Shares are issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Bonus Shares issued during the reporting period, the number that remain to be issued and the basis on which they may be issued;
- (d) in any half year or quarterly report for a period during which the Bonus Shares are issued or remain to be issued, the Company includes a summary statement of the number issued during the reporting period, the number that remain to be issued and the basis on which they may be issued; and

- (e) this Notice contains the full terms and conditions of the Bonus Shares as well as the conditions of this waiver.

## 10.4 Information required by Listing Rule 10.13

The following information is provided to Shareholders in relation to the Bonus Shares for the purposes of Listing Rule 10.13:

- (a) the Bonus Shares will be issued to Mr Hay (or his nominee);
- (b) the Deed Administrators propose appointing Mr Hay as the Managing Director of the Company with effect from the close of the Meeting and accordingly Mr Hay is a related party of the Company pursuant to Listing Rule 10.11.1;
- (c) the maximum number of Bonus Shares to be issued to Mr Hay (or his nominee) is 12,500,000 Shares;
- (d) the Bonus Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of their issue;
- (e) the Bonus Shares will, in accordance with the ASX waiver of Listing Rule 10.13.5 granted on 1 July 2020, be issued as soon as possible following the passing of Resolution 9 (and at the same time as the issue of Shares to unrelated parties as contemplated by this Notice), but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) the Bonus Shares will be issued for nil consideration, however the deemed issue price of each Bonus Share will at the same price per Share as the Entitlement Offer (being between \$0.020 and \$0.050 per Share);
- (g) no funds will be raised from the issue of the Bonus Shares, as the Bonus Shares are being issued pursuant to the employment contract between Mr Hay and the Company (the material terms of which are set out in section 10.1 above, together with details of Mr Hay's current total remuneration package); and
- (h) a voting exclusion statement for Resolution 9 is included in the Notice.

## 10.5 Recommendation

The Deed Administrators recommend that Shareholders vote in favour of Resolution 9.

The Chairman intends to exercise all available proxies in favour of Resolution 9.

## 11 Resolution 10 – Approval for participation in Recapitalisation Placement by Richard Hay

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### 11.1 Background

Resolution 10 effectively seeks Shareholder approval pursuant to Listing Rule 10.11 for Richard Hay to participate in the Recapitalisation Placement on the same terms as other participants.

In particular, Resolution 10 seeks Shareholder approval for the issue of up to 5,000,000 Shares (pre-Consolidation) to Mr Hay (or his nominee), being the maximum number of Shares calculated at the issue price under the Entitlement Offer as is equal to \$100,000 (**Director Placement Shares**).

### 11.2 Listing Rule 10.11

Listing Rule 10.11 provides that Shareholder approval is required to issue, or agree to issue, securities to (amongst others) a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies. A related party of an entity includes a director of the entity.

The proposed issue of the Director Placement Shares to Mr Hay (or his nominee) does not fall within any of the exceptions in Listing Rule 10.12 and therefore Shareholder approval is required for the issue of the Director Placement Shares to Mr Hay.

The effect of approving Resolution 10 will be to allow Mr Hay to participate in the Recapitalisation Placement and for the Company to issue up to 5,000,000 Shares to Mr Hay (or his nominee). If Shareholder approval is given for the issue of the Director Placement Shares under Listing Rule 10.11, then Shareholder approval is not required under Listing Rule 7.1 as contemplated by Listing Rule 7.2 (Exception 14).

### **11.3 Listing Rule waiver**

Listing Rule 10.13 sets out the requirements for the notice of meeting seeking Shareholder approval under Listing Rule 10.11. In particular, Listing Rule 10.13.5 requires that the notice of meeting includes the date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting.

The Company has obtained a waiver from the requirements of Listing Rule 10.13.5 to enable it to issue the Director Placement Shares to Mr Hay no later than 3 months after the date of the Meeting. This waiver is subject to the following conditions:

- (a) this Notice sets out the proposed issue dates for the Director Placement Shares and states that the Director Placement Shares will be issued at the same time as unrelated parties and in any event no later than 3 months from the date of the Meeting (see section 11.4(e));
- (b) this Notice states that a maximum of 17,500,000 Shares will be issued to Mr Hay (comprising the Director Placement Shares and the Bonus Shares the subject of Resolution 9 (see sections 10.4(c) and 11.4(c)));
- (c) for any annual reporting period during which the Director Placement Shares are issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Director Placement Shares issued during the reporting period, the number that remain to be issued and the basis on which they may be issued;
- (d) in any half year or quarterly report for a period during which the Director Placement Shares are issued or remain to be issued, the Company includes a summary statement of the number issued during the reporting period, the number that remain to be issued and the basis on which they may be issued; and
- (e) this Notice contains the full terms and conditions of the Director Placement Shares as well as the conditions of this waiver.

### **11.4 Information required by Listing Rule 10.13**

The following information is provided to Shareholders in relation to the Director Placement Shares for the purposes of Listing Rule 10.13:

- (a) the Director Placement Shares will be issued to Mr Hay (or his nominee);
- (b) the Deed Administrators propose appointing Mr Hay as the Managing Director of the Company with effect from the close of the Meeting and accordingly Mr Hay is a related party of the Company pursuant to Listing Rule 10.11.1;
- (c) the maximum number of Director Placement Shares to be issued to Mr Hay (or his nominee) is 5,000,000 Shares;
- (d) the Director Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of their issue;
- (e) the Director Placement Shares will, in accordance with the ASX waiver of Listing Rule 10.13.5 granted on 1 July 2020, be issued as soon as possible following the passing of Resolution 10 (and at the same time as the issue of Shares to unrelated parties as contemplated by this Notice), but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) the Director Placement Shares will be issued at the same price per Share as the Entitlement Offer (being between \$0.020 and \$0.050 per Share);

- (g) the Company intends to use the funds raised from the issue of the Director Placement Shares for the same purpose as all other funds from the Recapitalisation Placement (as described in section 1.11 above); and
- (h) a voting exclusion statement for Resolution 10 is included in the Notice.

## **11.5 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of Resolution 10.

The Chairman intends to exercise all available proxies in favour of Resolution 10.



## Glossary

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

Term	Meaning
<b>Administrators</b>	has the meaning given in section 1.2.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>AWST</b>	Australian Western Standard Time.
<b>Board</b>	the board of Directors of the Company from time to time.
<b>Bonus Shares</b>	has the meaning given in section 10.1.
<b>Capital Raising</b>	has the meaning given in section 1.4.
<b>Chairman</b>	the chairman of the Extraordinary General Meeting.
<b>Company or GCY</b>	Gascoyne Resources Limited (Subject to Deed of Company Arrangement) ABN 57 139 522 900.
<b>Consolidation</b>	has the meaning given in section 1.3.
<b>Constitution</b>	the constitution of the Company as at the commencement of the Meeting.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Creditor Shares</b>	has the meaning given in section 5.1.
<b>Creditors' Trust</b>	has the meaning given in section 1.5.
<b>Deed Administrations</b>	Michael Ryan, Kathryn Warwick and Ian Francis in their capacities as joint and several deed administrators of the Company.

<b>Term</b>	<b>Meaning</b>
<b>Director</b>	a director of the Company.
<b>Director Placement Shares</b>	has the meaning given in section 11.1.
<b>DOCA</b>	has the meaning given in section 1.2.
<b>Eligible Institutional Shareholders</b>	those institutional Shareholders that are 'Eligible Institutional Shareholders' as described in the Prospectus.
<b>Eligible Retail Shareholders</b>	those retail Shareholders that are 'Eligible Retail Shareholders' as described in the Prospectus.
<b>Eligible Shareholders</b>	Eligible Institutional Shareholders and Eligible Retail Shareholders.
<b>Entitlement Offer</b>	has the meaning given in section 1.4.
<b>Entitlement Offer Waiver</b>	has the meaning given in section 2.2.
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice.
<b>GNT Resources</b>	GNT Resources Pty Ltd (Subject to Deed of Company Arrangement) ABN 35 159 772 077.
<b>Group</b>	the Company and each of its subsidiaries.
<b>Institutional Entitlement Offer</b>	the pro rata accelerated non-renounceable entitlement offer to Eligible Institutional Shareholders.
<b>Large Creditors</b>	has the meaning given in section 1.5.
<b>Listing Rules</b>	the listing rules of the ASX.
<b>Meeting or Extraordinary General Meeting</b>	the extraordinary general meeting convened by this Notice.
<b>New Constitution</b>	the new constitution of the Company that will take effect from close of the Meeting if Resolution 6 is passed.
<b>Notice or Notice of Extraordinary General Meeting</b>	this Notice of Extraordinary General Meeting.
<b>NRW</b>	NRW Pty Ltd in its own right and as the trustee for the NRW Unit Trust.

<b>Term</b>	<b>Meaning</b>
<b>NRW Debt to Equity Conversion</b>	has the meaning given in section 4.1.
<b>NRW Mining Contract</b>	has the meaning given in section 4.1.
<b>NRW Shares</b>	has the meaning given in section 4.1.
<b>Option</b>	an option to acquire a Share.
<b>Optionholder</b>	a holder of an Option.
<b>Original Banks</b>	National Australia Bank Ltd and Commonwealth Bank of Australia.
<b>Placement Shares</b>	has the meaning given in section 3.1.
<b>Prospectus</b>	the prospectus to be issued by the Company and lodged with ASIC setting out details in relation to the Recapitalisation.
<b>Proxy Form</b>	the proxy form enclosed with this Notice.
<b>Recapitalisation</b>	has the meaning given in section 1.3.
<b>Recapitalisation Placement</b>	has the meaning given in section 1.4.
<b>Resolution</b>	a resolution contained in this Notice.
<b>Retail Entitlement Offer</b>	the pro rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a holder of a Share.
<b>Shortfall Offer</b>	has the meaning given in section 1.4.
<b>Trustees of the Creditors' Trust</b>	means the Administrators, who are the trustees of the Creditors' Trust as contemplated by the DOCA.

### ASX reinstatement conditions

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1. Confirmation that all the conditions to the DOCA have been satisfied (or, if any of the conditions have been waived, such waiver is on terms acceptable to ASX).
2. Confirmation that the DOCA (on the terms approved by creditors of the Company and advised to ASX) has been fully effectuated and that the Company is not subject to any other forms of external administration, receivership or liquidation.
3. Confirmation that the creditors' trust has been established.
4. Confirmation that the Company's secured banking facilities have been repaid and/or refinanced with National Australia Bank Ltd and Commonwealth Bank of Australia (and/or with a new financier(s)).
5. Confirmation of execution of the hedging facility.
6. Confirmation of the conversion of part of NRW's debt into new Shares in accordance with the terms agreed with NRW and advised to ASX.
7. GCY's shareholders approving all the resolutions required to effect the Recapitalisation to be considered at a general meeting of shareholders ("Meeting").
8. GCY releasing a full form prospectus pursuant to section 710 of the *Corporations Act 2001 (Cth)* ("Prospectus") in relation to the Entitlements Issue and Recapitalisation Placement ("Capital Raising").
9. Completion of the Capital Raising, closure of the Prospectus and confirmation that GCY has reached minimum subscription.
10. Confirmation in a form acceptable to ASX that GCY has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the Capital Raising.
11. Confirmation that GCY's subsidiary companies and assets, which will carry forward following effectuation of the DOCA (as per the Proposal) or the amended DOCA (as applicable), are in good standing.
12. GCY demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as set out below.
  - 12.1. GCY satisfies the requirements of Listing Rule 12.1.
  - 12.2. GCY's financial condition satisfies the requirements of listing rule 12.2, including:
    - 12.2.1. Completion of GCY's Capital Raising and that, after payment of the costs of the Capital Raising (if any) and payments to the deed administrators and any other parties or entities to satisfy obligations under the DOCA (as per the Proposal) or the amended DOCA (as applicable)(and any amendments or variations thereto), GCY can demonstrate to ASX that it will have net tangible assets for at least \$4 million pursuant and satisfies the requirements of listing rule 1.3.2(a);
    - 12.2.2. Making a 'working capital statement' similar to that required by listing rule 1.3.3(a) to the effect that following completion of the Capital Raising, GCY will have sufficient working capital at the time of reinstatement to carry out its activities; and
    - 12.2.3. Satisfying the 'working capital test' pursuant to listing rule 1.3.2(b).
13. GCY's level of shareholder spread will satisfy the requirements of Listing Rule 12.4, with there being at least 300 non-affiliated holders each holding at least \$500 worth of fully paid ordinary shares (such calculation to be based on the issue price of the Capital Raising).
14. Lodgement of all outstanding Appendices 3B with ASX for issues of new securities.

15. Reinstatement of GCY's CHESS sub-register (if applicable).
16. GCY having a free float (as that term is defined in Chapter 19 of the Listing Rules) of not less than 20% at the time of its reinstatement to the official list.
17. Lodgement of any outstanding reports for the period since GCY's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
18. Confirmation that no event of default has occurred under the new loan facilities.
19. Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
20. Confirmation that there are no legal, regulatory or contractual impediments to GCY undertaking the activities the subject of the commitments disclosed in the Prospectus.
21. Payment of any ASX fees, including listing fees, applicable and outstanding.
22. Confirmation the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred.
  - 22.1. In relation to all holdings on the CHESS subregister, a notice from GCY under ASX Settlement Operating Rule 8.9.1.
  - 22.2. In relation to all other holdings, issuer sponsored holding statements.
  - 22.3. Any refund money.
23. Provision of the following documents, in a form suitable for release to the market.
  - 23.1. A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.
  - 23.2. A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories.
    - 1 - 1,000
    - 1,001 - 5,000
    - 5,001 - 10,000
    - 10,001 - 100,000
    - 100,001 and over
  - 23.3. Completion of the Capital Raising, closure of the Prospectus and confirmation that GCY has reached minimum subscription.
  - 23.4. A statement outlining GCY's capital structure following the Meeting on a post-issue basis.
  - 23.5. GCY's pro forma balance sheet based on actual funds raised.
  - 23.6. GCY's updated statement of commitments based on actual funds raised.
  - 23.7. A consolidated activities report setting out the proposed business strategy for GCY (including an update on the status of GCY's assets and the current activities with respect thereto).
  - 23.8. Full terms and conditions of all options on issue (if any).
  - 23.9. Full terms and conditions of any employee incentive schemes (if any).
  - 23.10. A statement disclosing the recipients of the broker shares, if any (including the number of shares issued to each broker).
  - 23.11. A statement similar to that required by listing rule 1.3.3(a) and 1.3.3 (b) to the effect that following completion of the Capital Raising GCY will have sufficient working capital, and in any event no less than \$1.5 million, at the time of reinstatement to carry out its activities.
  - 23.12. A statement disclosing the extent to which GCY will follow, as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council. If GCY does not intend to follow all of the recommendations on its reinstatement, GCY must identify those recommendations that will not be followed and give its reasons for not following them.

- 23.13. A statement setting out the number of securities subject to ASX restrictions or voluntary escrow and the restriction period (or voluntary escrow period) applied to those securities.
- 23.14. A copy of GCY's securities trading policy as required by Listing Rule 12.9.
- 23.15. An update on all litigation with respect to GCY (if any).
- 23.16. A statement confirming that there are no legal, regulatory or contractual impediments to GCY undertaking the activities the subject of the commitments disclosed in the Prospectus.
- 23.17. A statement setting out:
  - 23.17.1. all the conditions to the DOCA have been satisfied (or, if any of the conditions have been waived, such waiver is on terms acceptable to ASX).
  - 23.17.2. the DOCA (on the terms approved by creditors of the Company and advised to ASX) has been fully effectuated and that the Company is not subject to any other forms of external administration, receivership or liquidation.
  - 23.17.3. the creditors' trust has been established.
  - 23.17.4. the Company's secured banking facilities have been refinanced with National Australia Bank Ltd and Commonwealth Bank of Australia (and/or with a new financier(s)).
  - 23.17.5. the conversion of part of NRW's debt into new Shares in accordance with the terms agreed with NRW and advised to ASX.
- 23.18. A statement confirming that no event of default has occurred under the new loan facilities.
- 23.19. A statement confirming GCY is in compliance with the Listing Rules and in particular Listing Rule 3.1.
- 23.20. Any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure.
- 23.21. A statement confirming the responsible person for the purposes of Listing Rule 1.1 condition 12.
- 24. Provision of any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise (1) from ASX's review of the Prospectus; and (2) from ASX's review of GCY's financial reports.

## Summary of New Constitution

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### Shares

The issue of Shares and Options by the Company is under the control of the Board, subject to the Corporations Act, Listing Rules and any rights attached to any special class of Shares.

### Preference Shares

The Corporations Act requires certain rights of preference shares to be either set out in the constitution or approved in general meeting by special resolution before preference shares are issued.

The New Constitution sets out a framework of rights for preference share issues from which the Board can determine to issue preference shares, without the need to obtain further Shareholder approval every time an allotment of preference shares is proposed. The New Constitution contains the framework as well as specific rights of preference shares as to the repayment of capital, requirements for redemption (if the preference shares are redeemable), participation in surplus assets and profits, voting rights and priority of payment of capital and dividends. Other specific terms, including the dividend amount, the redemption date (if applicable) and redemption amount (if applicable), would be set by the Board.

### Reductions of capital

The New Constitution is consistent with the Corporations Act requirements which must be satisfied by the Company in undertaking an alteration of capital.

### Liens

If the Company issues partly paid Shares and a call made on those Shares is unpaid, the Company will have a lien over the Shares on which the call is unpaid. The lien may be enforced by a sale of those Shares.

### Transfer of Shares

The Company may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement Pty Ltd Operating Rules. Transfers through ASX Settlement are effected electronically in the Clearing House Electronic Sub-register System (**CHES**). For the purposes of the Company's participation in the CHES, the Company may issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of Shares. The Board may refuse to register a transfer of Shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

### Proportional Takeovers

A proportional takeover bid is one in which the offeror offers only to buy a specified proportion of each Shareholders' Shares.

The New Constitution provides for Shareholder approval of any proportional takeover bid for the Shares. Subject to the Listing Rules and Operating Rules, the provisions require the Board to refuse to register any transfer of Shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

To comply with the Corporations Act, the proportional takeover provisions must be renewed by Shareholders in general meeting at least every 3 years to remain in place.

A proportional takeover bid may enable control of the Company to pass without Shareholders having the opportunity to sell all their Shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their Shares. The proposed proportional takeover provisions lessen this risk because they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

At the date of this notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company (other than pursuant to the Recapitalisation).

The potential advantages for Shareholders of including proportional takeover provisions in the New Constitution are:

- they give Shareholders their say in determining by majority vote whether a proportional takeover bid should proceed;
- they may assist Shareholders in not being locked in as a minority;
- they increase Shareholders' bargaining power, which may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

The potential disadvantages for Shareholders of including proportional takeover provisions in the New Constitution are:

- proportional takeover bids for Shares in the Company may be discouraged;
- Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- the likelihood of a proportional takeover being successful may be reduced.

The Directors consider that the potential advantages for Shareholders of the proportional takeover provisions outweigh the potential disadvantages. In particular, Shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

While the proportional takeover provisions were in effect under the existing Constitution, there were no proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the Shareholders, respectively, during this period.

The Directors of the Company consider that the proportional takeover provisions do not have any potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

### **Alterations of share capital**

Shares may be converted or cancelled with Shareholder approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act and the Listing Rules.

### **Disposal of less than a marketable parcel**

For the sake of avoiding excessive administration costs, the New Constitution contains provisions enabling the Company to procure the disposal of Shares where the Shareholder holds less than a marketable parcel of shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Board must first give notice to the relevant Shareholder holding less than a marketable parcel of shares, who may then elect not to have his or her shares sold by notifying the Board.

### **Variation of class rights**

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

### **Meetings of Shareholders**

The Board may call a meeting of Shareholders whenever it thinks fit. Shareholders may call a meeting as provided by the Corporations Act. The New Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting. Consistent with the Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 3 eligible voters.



The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

### **Voting of Shareholders**

Resolutions of Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Shareholder has one vote for each fully paid Share held and a fraction of a vote for each partly paid Share determined by the amount paid up on that Share.

### **Proxies**

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on the Shareholder's behalf. The New Constitution contains provisions specifying the manner of lodgement of proxy instruments. A Shareholder may appoint an individual or corporation to act as its representative.

### **Directors**

Unless changed by the Company in general meeting, the minimum number of Directors is 3 and the maximum number is 5, though the Company may resolve at a general meeting to increase the maximum. The existing directors of the Company may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as director). No Director other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re-election.

### **Powers of Directors**

The business of the Company is to be managed by or under the direction of the Board.

### **Remuneration of Directors**

The Company may pay non-executive Directors a maximum of the total amount as determined by the Shareholders in General Meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive officers, including executive Directors, will be subject to the provisions of any contract between each of them and the Company, but will not be by way of commission on, or percentage of, operating revenue.

### **Execution of documents**

In accordance with the Corporations Act, the Constitution provides for execution of documents by the Company without the use of the Company's company seal.

### **Dividends**

The Board may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Shares (such as preference shares), dividends will be paid proportionately. The Company is not required to pay any interest on dividends.

### **Indemnities and insurance**

To the extent permitted by law, the Company must indemnify each Officer of the Company against a liability incurred by Officer in his or her capacity as an officer of the company or of a related body corporate. The Company may also pay the premiums on directors' and officers' liability insurance.

### **Restricted securities**

A holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX. A holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.

## Pro Forma Consolidated Statement of Financial Position

Set out below are the unaudited Historical Consolidated Statement of Financial Position as at 31 May 2020 and the unaudited Pro Forma Consolidated Statement of Financial Position as at 31 May 2020:

**Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position**

	Reviewed for the half-year ended 31 Dec 19 \$'000	Unaudited 31-May-20 \$'000	Proforma Adjustments Minimum \$'000	Proforma Adjustments Maximum \$'000	Proforma After Issue Minimum \$'000	Proforma After Issue Maximum \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	92	3,749	18,293	27,543	22,042	31,292
Trade and other receivables	3,275	3,958	-	-	3,958	3,958
Inventories	10,447	11,887	-	-	11,887	11,887
Other financial assets	633	633	(633)	(633)	-	-
<b>Total current assets</b>	<b>14,447</b>	<b>20,227</b>	<b>17,660</b>	<b>26,910</b>	<b>37,887</b>	<b>47,137</b>
<b>Non-current assets</b>						
Derivative financial instruments	-	-	-	-	-	-
Property, plant and equipment	170,444	183,933	-	-	183,933	183,933
Exploration and evaluation	29,581	30,039	-	-	30,039	30,039
Other financial assets	379	380	-	-	380	380
Deferred tax assets	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>200,404</b>	<b>214,352</b>	<b>-</b>	<b>-</b>	<b>214,352</b>	<b>214,352</b>
<b>Total assets</b>	<b>214,851</b>	<b>234,579</b>	<b>17,660</b>	<b>26,910</b>	<b>252,239</b>	<b>261,489</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	39,420	41,730	(23,972)	(23,972)	17,758	17,758
Borrowings and lease liabilities	73,912	71,233	(52,372)	(52,372)	18,862	18,862
Derivative financial instruments	-	-	-	-	-	-
Provisions	2,506	1,843	1,243	1,243	3,085	3,085
Other financial liabilities	24,655	24,944	(24,944)	(24,944)	-	-
<b>Total current liabilities</b>	<b>140,493</b>	<b>139,750</b>	<b>(100,046)</b>	<b>(100,046)</b>	<b>39,705</b>	<b>39,705</b>
<b>Non-current liabilities</b>						
Borrowings and lease liabilities	12,383	10,965	23,654	23,654	34,618	34,618
Provisions	24,035	26,150	9,545	9,545	35,695	35,695
<b>Total non-current liabilities</b>	<b>36,418</b>	<b>37,114</b>	<b>33,199</b>	<b>33,199</b>	<b>70,313</b>	<b>70,313</b>
<b>Total liabilities</b>	<b>176,911</b>	<b>176,865</b>	<b>(66,847)</b>	<b>(66,847)</b>	<b>110,018</b>	<b>110,018</b>
<b>Net assets</b>	<b>37,940</b>	<b>57,714</b>	<b>84,507</b>	<b>93,757</b>	<b>142,221</b>	<b>151,471</b>
<b>Equity</b>						
Share capital	171,931	171,931	83,211	92,461	255,142	264,392
Non-controlling interests	1,112	1,112	-	-	1,112	1,112
Reserves	871	876	-	-	876	876
Retained earnings/(Accumulated losses)	(135,974)	(116,204)	1,297	1,297	(114,908)	(114,908)
<b>Total equity</b>	<b>37,940</b>	<b>57,714</b>	<b>84,507</b>	<b>93,757</b>	<b>142,221</b>	<b>151,471</b>

The accompanying notes describe the adjustments made to the unaudited Historical Consolidated Statement of Financial Position as at 31 May 2020 (**Pro Forma Adjustments**).

### **Note 1 – Capital raised**

The Pro Forma Adjustments reflect the net increase in the Company's share capital of a minimum of \$75 million and maximum of \$85 million (**Target Subscription**). If the capital raised under the Capital Raising increases/decreases from the Target Subscription, there will be a corresponding increase/decrease in share capital and cash, net of transaction costs.

### **Note 2 – Transaction costs**

Transaction costs of between \$6.0 million to \$6.7 million based on the Target Subscription, in relation to advisers, listing and other costs associated with the Capital Raising, have been offset against issued capital.

### **Note 3 – Settlement of pre-appointment debt (secured)**

- Repayment of the Original Bank's secured debt

Funds of \$41.2 million from the Capital Raising and \$40 million from the proposed refinancing facility have been offset against the outstanding debt, including the close out of the gold forward liability, owing to the Original Banks, thereby reducing the debt to nil at 31 May 2020.

- Repayment of NRW's secured debt

- (1) \$7 million from the Capital Raising has been offset against NRW's \$32.7 million pre-appointment debt.
- (2) \$12 million worth of shares has been issued to NRW as part of the Recapitalisation, being the NRW Debt to Equity Conversion, as partial payment of NRW's \$32.7 million pre-appointment debt.
- (3) The remainder of the debt, being \$32.7 million less the amounts in (1) and (2) above has been released to retained earnings, and a discounted amount reflecting the contingent payment to be paid to NRW in quarterly instalments reflected as a provision.

Refer to section 4.1 of the Explanatory Statement for further details on the contingent payment amount.

### **Note 4 – Settlement of pre-appointment debt (unsecured)**

- Small unsecured creditors

Funds of \$0.2 million from the Creditors' Trust has been offset against unsecured creditors whose pre-appointment debt is \$10,000 or less, thereby reducing this debt to nil.

- Large unsecured creditors

- (1) Funds of \$0.5 million from the Creditors' Trust has been offset against the first \$10,000 of pre-appointment debt owed to large unsecured creditors.
- (2) 50% of the remaining pre-appointment debt owed to large unsecured creditors has been reduced through the transfer of Shares by the Trustees to the value of that debt.
- (3) The remaining pre-appointment debt owed to large unsecured creditors remains payable and will be reduced to nil through a cash payment to the relevant creditors from funds contributed by GNT Resources to the Creditors' Trust within 8 months of effectuation of the DOCA.

Refer to sections 1.5 and 5.1 of the Explanatory Statement for further details regarding the treatment of large unsecured creditors.

- Other Employees

Funds of \$0.3 million has been offset against pre-appointment employee entitlements owing to terminated employees from funds provided by GNT Resources to the Deed Administrators.



**LODGE YOUR PROXY APPOINTMENT ONLINE**



**ONLINE PROXY APPOINTMENT**

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



**MOBILE DEVICE PROXY APPOINTMENT**

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

**2020 EXTRAORDINARY GENERAL MEETING PROXY FORM**

I/We being shareholder(s) of Gascoyne Resources Limited (Subject to Deed of Company Arrangement) and entitled to attend and vote hereby:

**APPOINT A PROXY**

The Chairman of the meeting

**OR**



**PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Extraordinary General Meeting of the Company to be held **at the Celtic Club, 48 Ord Street, Perth, Western Australia 6005 on 5 August 2020 at 10:00am (WST)** and at any adjournment or postponement of that Meeting.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:**

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**VOTING DIRECTIONS**

Resolution	For	Against	Abstain*
1 Approval for issue of Shares under Entitlement Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval for issue of Shares under the Recapitalisation Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for issue of Shares to NRW	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for issue of Shares to the Trustees of the Creditors' Trust for the benefit of Large Creditors under DOCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Consolidation of Share capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Appointment of George Bauk as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Appointment of Rowan Johnston as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval for issue of Shares to Richard Hay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval for participation in Recapitalisation Placement by Richard Hay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for the 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.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, each shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## TELECONFERENCE CALL INSTRUCTION

Please dial +618 6500 2107 to join the teleconference. The dialling number is ready to receive calls 1 hour before the meeting.

All questions must be lodged by 5:00pm (WST) on 3 August 2020 to the Company Secretary by Email at [coysec@gascoyneresources.com.au](mailto:coysec@gascoyneresources.com.au).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on this form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares 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 they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

**PLEASE NOTE:** If you appoint the Chairman as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chairman may vote as they see fit on that resolution.

### 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 Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on the resolution where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a corporate shareholder is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, each shareholder must sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or 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 sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10:00am (WST) on 3 August 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 6370 4203



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033