

Gascoyne Resources Limited (Subject to Deed of Company Arrangement)
ACN 139 522 900

# Prospectus

For a pro-rata accelerated non-renounceable entitlement offer of 2.00 New Shares for every 1 Share held by Eligible Shareholders at an issue price of \$0.025 per New Share to raise approximately \$50 million (Entitlement Offer).

The Company is also conducting a placement to seek to raise approximately \$35 million (before expenses) (**Placement**).

The Entitlement Offer and the Placement are fully underwritten by Canaccord Genuity (Australia) Limited (**Lead Manager**).

This Prospectus is also being issued for the NRW Offer, the Creditors' Trust Offer, the Shortfall Offer and for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of New Shares issued by the Company pursuant to the Placement, issue of Bonus Shares and the Shortfall Offer.

This Prospectus is a prospectus to satisfy ASX requirements for re-listing following the completion of a Deed of Company Arrangement (**DOCA**). The Offers under this Prospectus are subject to and conditional upon (amongst other things) the Company having satisfied the ASX Reinstatement Conditions and its Shares being reinstated to Official Quotation on ASX.

#### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your broker, accountant or other professional adviser.

An investment in the shares offered by this Prospectus should be considered highly speculative in nature. Refer to Section 5 for a summary of the key risks associated with an investment in the Company.

The Deed Administrators, who have granted the Directors their approval under the DOCA to exercise the directors' powers reflected herein, have not independently verified any of the information contained in this Prospectus. The Deed Administrators and their employees and agents do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Prospectus.

Not for release to US wire services or distribution in the United States except by the Company to Institutional Investors and Eligible Institutional Shareholders.

### **Important Notices**

#### The Offers

This Prospectus is issued by Gascoyne Resources Limited ACN 139 522 900 (Subject to Deed of Company Arrangement) (**Company**) for the purposes of Chapter 6D of the *Corporations Act* 2001 (Cth) (**Corporations Act**). The Offers contained in this Prospectus are:

- an accelerated non-renounceable entitlement offer of 2.00 New Shares for every 1 fully paid ordinary share in the Company (Shares) held by Eligible Shareholders at an issue price of \$0.025 per New Share to raise approximately \$50 million (Entitlement Offer);
- an offer of 480,000,000 New Shares to NRW (being such number of shares as is equal to \$12 million at the issue price of \$0.025 per New Share) (**NRW Offer**);
- an offer of 120,000,000 New Shares to the Trustees of the Creditors' Trust in accordance with the terms of the DOCA (**Creditors' Trust Offer**);
- an offer of those New Shares under the Entitlement Offer not applied for by Eligible Shareholders pursuant to this Prospectus (**Shortfall Offer**); and
- an offer of 10,000,000 New Shares (**Bonus Shares**) to be issued to Richard Hay (or his nominee) in connection with his employment contract.

In addition to the Entitlement Offer, the Company will issue 1,400,000,000 New Shares at \$0.025 per New Share (the same issue price as the Entitlement Offer) to Institutional Investors to raise approximately \$35 million (before costs) (**Placement**). A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on New Shares issued pursuant to the Placement are removed.

See Section 7 for further information on the Offers, including the Offer Conditions.

If any of the Offer Conditions are not satisfied, the Recapitalisation and the Offers will not proceed. If this occurs, Applicants will be refunded their application monies (without interest) and in accordance with the Corporations Act.

#### Shareholder approval

The Company held an extraordinary general meeting on 5 August 2020. At this meeting, the resolutions associated with the Recapitalisation were approved by Shareholders. See Section 2.8 for further information.

#### Lodgement

This Prospectus is dated 13 August 2020 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to the Australian Securities Exchange (**ASX**) for quotation of the New Shares on ASX. None of ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

#### **Expiry Date**

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

#### **Notes to Applicants**

An investment in New Shares should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to apply for Shares.

In particular, you should consider the assumptions underlying the Pro Forma Consolidated Statement of Financial Position and the risk factors that could affect the business, financial condition and financial performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares. Some of the key risk factors that should be considered by investors are set out in Section 5 of the Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on New Shares or that there will be an increase in the value of the New Shares in the future.

#### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

#### Obtaining a copy of this Prospectus

This Prospectus is available in electronic form on the Company's website at https://www.gascoyneresources.com.au, or through 'Investors Login' at https://www.advancedshare.com.au/investors (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access). The Offers constituted by this Prospectus in electronic form at https://www.gascoyneresources.com.au or https://www.advancedshare.com.au/investors are available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Offer Period expires, obtain a paper copy of this Prospectus (free of charge) by telephoning Advanced Share Registry Limited on 1 300 113 258 (within Australia) from 8.30am to 5.00pm (Perth time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call (+61 8) 9389 8033 from 8.30am to 5.00pm (Perth time), Monday to Friday.

Applications for Shares offered under this Prospectus can only be submitted on the applicable Application Form.

Applications for the Retail Entitlement Offer may only be made by Eligible Retail Shareholders during the Offer Period on an Entitlement and Acceptance Form attached to or accompanying this Prospectus. Eligible Retail Shareholders can download a copy of this Prospectus and a personalised Entitlement and Acceptance Form during the Offer Period through the 'Investors Login' at https://www.advancedshare.com.au/investors (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access). Once

logged in the personalised Entitlement and Acceptance Form attached to or accompanying the electronic Prospectus is available from the 'Document Print' link.

Applications for the Institutional Entitlement Offer may only be made by Eligible Institutional Shareholders by following the instructions given to them by the Company or Lead Manager in the Confirmation Letters.

Applications for the Placement may only be made by Institutional Investors by following the instructions given to them by the Company or Lead Manager in the Confirmation Letter.

Applications for the Shortfall Offer from persons other than Eligible Retail Shareholders can only be submitted by invitation from the Company.

Applications for the NRW Offer can only be submitted by NRW (or its nominees).

Applications for the Creditors' Trust Offer can only be submitted by the Trustees of the Creditors' Trust (or its nominees).

Applications for the Bonus Shares can only be submitted by Richard Hay (or his nominees).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offers detailed in this Prospectus.

Refer to Section 9 for further information.

#### Eligibility

The Entitlement and Acceptance Form sets out an Eligible Retail Shareholder's Entitlement. Eligible Retail Shareholders may apply for all or part of their Entitlement by following the instructions set out in Section 9.3. Eligible Retail Shareholders may also apply for Additional Shares up to a maximum of 50% of their total Entitlement under the Top Up Facility (in additional to accepting all of their Entitlement) by following the instructions set out in Section 9.3.3.

#### Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

#### **Financial Information**

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information.

All references to FY2018 and FY2019 appearing in this Prospectus are to the financial years ended or ending 30 June 2018 and 30 June 2019 respectively, unless otherwise indicated. The Prospectus also includes references to half years HY18 and HY19 which refer to the six months ended or ending 31 December 2018 and 31 December 2019 respectively.

The Historical Financial Information is presented on both a statutory and pro forma basis (as described in Section 4) and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

Investors should note that certain financial data included in the Prospectus is not recognised under the Australian Accounting Standards and is classified as "non-IFRS financial information" under

Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards, and therefore may not be comparable with similarly titled measures presented by other entities, nor should these be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned not to place undue reliance on any non-IFRS financial information, ratios and metrics included in this Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all disclosures, statements and comparative information as required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information should be read in conjunction with, and qualified by reference to, the information contained within other Sections of this Prospectus, including in Sections 4 and 5.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

#### Investigating Accountant's Report on Financial Information and financial services guide

The provider of the Investigating Accountant's Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Section 10.

#### Forward looking statements

This Prospectus contains forward looking statements which may be identified by words such as "anticipates", "may", "should", "could", "likely", "believes", "estimates", "expects", "targets", "predicts", "projects", "forecasts", "intends", "guidance", "plan" and other similar words that involve risks and uncertainties.

These forward looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions contained in the Financial Information as set out in Section 4 and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, the Directors and the Company's management. The Company, the Directors, the Company's management and the Lead Manager cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

#### **Selling restrictions**

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of

Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. See Section 7.19 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia.

#### Notice to nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident in other jurisdictions may only take up New Shares on behalf of Shareholders who are Institutional Investors in Permitted Jurisdictions excluding the United States. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### Consolidation

The Company will be consolidating every 20 Shares into 1 Share (**Consolidation**). Unless otherwise stated, all references to Shares in the capital of the Company in this Prospectus are made on a pre-Consolidation basis.

#### Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

#### Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

#### Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings given in the Glossary or as provided in the context in which they appear.

Unless otherwise stated or implied, references to times in this Prospectus are to Perth, Australia time. Unless otherwise stated or implied, references to dates or years are calendar year (CY) references.

#### **Privacy**

By completing an Application Form to apply for Shares, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company, the Lead Manager and the Share Registry on behalf of the Company, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public Shareholder register.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person and may correct the personal information held by or on behalf of the Company about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website https://www.gascoyneresources.com.au.

You may request access to your personal information held by or on behalf of the Company and you may correct the personal information held by or on behalf of the Company about you. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Email: admin@advancedshare.com.au

Telephone: +61 8 9389 8033

#### **Exploration Results, Mineral Resources or Ore Reserves**

Information in this Prospectus relating to the Dalgaranga Gold Project is based on, and fairly represents, data compiled by the Company's Chief Geologist Mr Julian Goldsworthy who is a member of The Australasian Institute of Mining and Metallurgy. Mr Goldsworthy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Goldsworthy consents to the inclusion of the matters based on his information in the form and context in which it appears.

#### **Dalgaranga Gold Project**

The production target for the Dalgaranga Gold Project referred to in this Prospectus is extracted from the ASX announcement dated 31 July 2020 and titled "Updated Life of Mine Production

Target and Ore Reserve". The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target in the ASX announcement dated 31 July 2020 and titled "Updated Life of Mine Production Target and Ore Reserve" continue to apply and have not materially changed.

The production target for the Dalgaranga Gold Project referred to in this Prospectus is based on 88.2% Ore Reserves (Proved and Probable), 3.7% Mineral Resources (Indicated) and 8.1% Mineral Resources (Inferred).

Although the 1.4Mt Inferred category Mineral Resources material (8.1% of the production target) included in the production target is located entirely within the final pit design, it is important to note that there is a lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target based on the Inferred component will be realised.

The information which relates to the Ore Reserve estimates for the Dalgaranga Gold Project referred to in this Prospectus is extracted from the ASX announcement dated 31 July 2020 and titled "Updated Life of Mine Production Target and Ore Reserve". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Ore Reserves was Mr. Neil Rauert.

The information which relates to the Mineral Resource estimates for the Golden Wings gold deposit at the Dalgaranga Gold Project referred to in this Prospectus is extracted from the ASX announcement dated 10 June 2020 and titled "Dalgaranga Resource Update". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Mineral Resource estimates was Mr Scott Dunham.

The information which relates to the Mineral Resource estimates for the Gilbey's, Gilbey's South, Plymouth and Sly Fox gold deposits at the Dalgaranga Gold Project referred to in this Prospectus are extracted from the ASX announcement dated 10 June 2020 and titled "Dalgaranga Resource Update". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Persons responsible for reporting of those Mineral Resource estimates were Mr Michael Job and Mr Michael Millad.

#### **Exploration**

#### **Tanqueray**

The information which relates to the Exploration Results for the Tanqueray prospect referred to in this Prospectus is extracted from the ASX announcements dated: (i) 31 January 2019 and titled "December 2018 Quarterly Activities and Cash Flow Report"; (ii) 19 September 2018 and titled "8m @ 373.5 g/T Gold (inc 3m @ 987 g/T Gold) Intersected in Very First RC Drilling at the Tanqueray Prospect"; and (iii) 19 June 2014 and titled "Discovery of New Gold Mineralised Trend at Dalgaranga". The Company confirms that it is not aware of any new information or data that

materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Persons responsible for reporting of those Exploration Results were Mr Mike Dunbar and Mr Julian Goldsworthy.

#### Greencock

The information which relates to the Exploration Results for the Greencock prospect referred to in this Prospectus is extracted from the ASX announcement dated 17 September 2018 and titled "Operations and Exploration Update - Dalgaranga & Glenburgh". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### Hendricks

The information which relates to the Exploration Results for Hendricks prospect referred to in this Prospectus is extracted from the ASX announcements dated: (i) 14 January 2016 and titled "New Gold Discovery at Dalgaranga – Significant Drill Intersections From The Hendricks Prospect"; (ii) 22 February 2016 and titled "High Grades In Resampling Confirms Hendricks Gold Discovery at Dalgaranga"; (iii) dated 6 April 2016 and titled "Dalgaranga Gold Project Exploration Update"; and (iv) dated 9 June 2016 and titled "Positive Results From Resource Diamond Drilling At Gilbeys And First RC Results From Hendricks". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### **Vickers**

The information which relates to the Exploration Results for Vickers prospect referred to in this Prospectus is extracted from the ASX announcements dated: (i) 19 June 2014 titled "Discovery of New Gold Mineralised Trend at Dalgaranga" and (ii) 8 February 2016 and titled "Multiple New Gold Zones Discovered in Regional Exploration Drilling at Dalgaranga". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy and Mr Mike Dunbar.

#### **Lasoda Base Metals Prospect – Northern Tenement Areas**

The information which relates to the Exploration Results for the Lasoda Base Metals Prospect – Northern Tenement Areas referred to in this Prospectus is extracted from the ASX announcement dated 22 December 2017 and titled "Gascoyne Expands Footprint of the Dalgaranga Gold Project Amended Announcement". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### **Beefeater**

The information which relates to the Exploration Results for the Beefeater prospect referred to in this Prospectus is extracted from the ASX announcement dated 8 February 2016 and titled "Multiple New Gold Zones Discovered in Regional Exploration Drilling at Dalgaranga". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### **Seagrams**

The information which relates to the Exploration Results for the Seagrams prospect referred to in this Prospectus is extracted from the ASX announcement dated 17 April 2018 and titled "Dalgaranga Exploration Update". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### Glenburgh

The information which relates to the Exploration Results for the Glenburgh project referred to in this Prospectus is extracted from the ASX announcement dated 17 September 2018 and titled "Operations and Exploration Update - Dalgaranga & Glenburgh". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Julian Goldsworthy.

#### Mt Egerton Gold Project - Gaffney's Find

The information which relates to the Exploration Results for the Gaffney's Find prospect within the Mt Egerton Gold project referred to in this Prospectus is extracted from the ASX announcement dated ASX announcement dated 21 July 2014 and titled "Shallow Drilling Intersects up to 33.8 g/t Gold at the Mt Egerton Gold Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The Competent Person responsible for reporting of those Exploration Results was Mr Michael Dunbar.

#### Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

#### Company website

Any references to documents included on the Company's website (other than the Prospectus) at https://www.gascoyneresources.com.au are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

#### Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Canaccord Genuity (Australia) Limited has acted as lead manager and underwriter to the Entitlement Offer and Placement and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by either of them or by any of their respective affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and each of its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

#### **Deed Administrators**

The Deed Administrators of Gascoyne Resources Limited (Subject to Deed of Company Arrangement), who have granted the Directors their approval under the DOCA to exercise the Directors' powers reflected herein, have not independently verified any of the information contained in this Prospectus. The Deed Administrators and their employees and agents do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Prospectus.

#### Questions

If you have any questions, please call Advanced Share Registry Limited on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia) at any time between 8.30am and 5.00pm (Perth time), Monday to Friday, until the Closing Date. Alternatively, please contact your broker, accountant or other professional adviser. Instructions on how to apply for Shares are set out in Section 9 of this Prospectus and on the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

This document is important and should be read in its entirety.

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## Timetable

| 5 August 2020                          |
|--|
| 13 August 2020                         |
| 13 August 2020                         |
| 13 August 2020                         |
| 17 August 2020                         |
| 17 August 2020                         |
| 5pm (Perth time), 17<br>August 2020    |
| 20 August 2020                         |
| 20 August 2020                         |
| 5pm (Perth time), 10<br>September 2020 |
| 11 September 2020                      |
| 15 September 2020                      |
| 16 September 2020                      |
| 21 September 2020                      |
| 22 September 2020                      |
| 23 September 2020                      |
|  |

| Satisfaction of ASX Reinstatement Conditions          | 23 September 2020 |
|---|-------------------|
| Expected date for Shares to recommence trading on ASX | 24 September 2020 |
| Despatch of holding statements                        | 24 September 2020 |

#### Notes:

- This timetable is indicative only and Eligible Retail Shareholders are encouraged to submit their Applications as early as possible.
- 2. The Company, in consultation with the Lead Manager, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary these dates without prior notice, including to extend the Closing Date, accept late Applications, or to delay or withdraw the Offers. Any extension of the closing date will have a consequential effect on the issue date of New Shares. If withdrawn, all application monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.
- The Company, in consultation with the Lead Manager, reserves the right, subject to the Corporations Act, the ASX Listing Rules and the giving of at least 5 business days' notice to Shareholders, to close the Offers (including the Retail Entitlement Offer) early.
- 4. The Federal Court of Australia has currently listed the Habrok proceedings (details of which are set out in Section 12.9) for an urgent hearing on 25 and 26 August 2020 and made consequent orders programming the interlocutory steps towards such a hearing date. This is on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue the New Shares before 1 September 2020 (or such later date as may be agreed or ordered).
- 5. The New Shares issued pursuant to the Offers will be issued prior to the Shares being reinstated to trading on ASX. Whilst the New Shares pursuant to the Offers will be admitted to quotation following close of the Offers, there is no guarantee that the Shares will be reinstated to trading on ASX.

## Key statistics of the Offers

|   | Shares        |
|---|---------------|
| Shares currently on issue   | 1,004,864,955 |
| Entitlement Offer 2.00 New Shares to be issued for every 1 Share held by Eligible Shareholders at an issue price of \$0.025 per New Share to raise approximately \$50 million | 2,009,729,910 |
| Placement To be issued at \$0.025 per New Share to raise approximately \$35 million   | 1,400,000,000 |
| NRW Offer To be issued to NRW in exchange for the reduction of the debt owed to NRW by \$12 million   | 480,000,000   |
| Creditors' Trust Offer To be issued to the Trustees of the Creditors' Trust in exchange for the reduction of the amount owed to Creditors of \$3 million                      | 120,000,000   |
| Bonus Shares To be issued to Richard Hay (or his nominee) in connection with his employment contract  | 10,000,000    |
| Total Shares on issue following completion of the Offers  | 5,024,594,865 |
| Total Shares on issue post-Consolidation To be consolidated into 1 Share for every 20 Shares on issue   | 251,229,744   |
| Gross proceeds of the Offers  | \$85,243,248  |

### Chairperson's Letter

#### Dear Investor,

On behalf of the Board, I am pleased to invite you to participate in Gascoyne Resources Limited's (Subject to Deed of Company Arrangement) (**Gascoyne** or the **Company**) fully underwritten equity capital raising of approximately \$85 million (**Capital Raising**), consisting of:

- an accelerated non-renounceable entitlement offer (Entitlement Offer); and
- a Placement to Institutional Investors.

The successful completion of the Placement and Entitlement Offer, coupled with the new finance facility, will allow Gascoyne to re-emerge on the ASX and provide the working capital to achieve targeted gold production as set out in this Prospectus along with the long awaited restart of exploration in and around the Dalgaranga Gold Project.

Under this Prospectus, Eligible Shareholders are invited to subscribe for 2.00 New Shares for every 1 Share held at 5:00pm (Perth time) on the Record Date at an issue price of \$0.025 per New Share, being the same price of New Shares to be issued under the Placement.

#### **Company Update**

Over the past 12 months, the Company has focussed on creating a profitable gold mining operation which has been demonstrated by the successful monthly production of greater than 6,000 ounces for the past 7 months. This was achieved through the rework of the mine plan at our flagship Dalgaranga Gold Project and the delivery of improved mining performance achieved through the strong working relationship between the Gascoyne site team and the team from NRW, our contract mining partner.

The Company has also recently announced updates to our Mineral Resource estimate, our Ore Reserve and life of mine plan, providing the Company with more confidence in the production plans going forward. When combined with the Gilbey's Main Zone batch trials in the June 2020 quarter, we have strengthened the information and knowledge of the orebody that is critical to the future success of the Company.

Included within the release of the updated Ore Reserve estimate, the Company provided an updated outlook of production and costs for the remaining life of mine at the Dalgaranga Gold Project. During the current financial year and the following 3 financial years, we expect to produce 70,000 to 80,000 ounces of gold in each year, with a remaining life of mine average all-in sustaining cost of A\$1,400 to A\$1,500 per ounce.

The Board would like to thank Richard Hay for his passion, drive and commitment over the past 16 months to position Gascoyne for future strong performance. Richard has developed a strong team and culture in both the corporate office and at the operation which positions us well for a bright future.

In 2020, the Company also embarked on a small but very successful drilling program on the Gilbey's Main Zone which has replaced a significant portion of mining depletion ounces to our Mineral Resource and Ore Reserve statements. The results have demonstrated the lack of resource definition and exploration drilling at the project and the strong potential upside we plan to pursue following the resumption of trading in shares of the Company on the ASX.

#### **Use of Funds**

Funds raised under the Placement and Entitlement Offer will be used for the following purposes:

- repayment of the Group's existing secured banking facilities, including accrued but unpaid interest, of approximately \$40 million (the remaining \$40 million of the existing secured banking facilities will be repaid from proceeds received from the new bank finance facility entered into on or about 13 August 2020 (Finance Facility));
- establishment of a \$10 million minimum cash reserve to meet the requirements of the Finance Facility;
- upfront payment of \$7 million to NRW as part repayment of amounts owed to NRW;
- exploration and evaluation activities of \$3 million to be undertaken over the next 12 months;
- initial payment to the Creditor's Trust of approximately \$1.0 million;
- costs of the Placement and Entitlement Offer of an estimated \$7.4 million; and
- general working capital purposes of approximately \$16.6 million.

Following completion of the Recapitalisation, the Company will be in a position where it is generating positive cash flows from the Dalgaranga Gold Project at current gold prices, have a more appropriately sized \$40 million debt facility and a robust working capital position.

#### **Recapitalisation Details**

The Recapitalisation will involve:

- the Company undertaking the Capital Raising to raise \$85 million, comprising the Entitlement Offer, the Placement and the Shortfall Offer;
- settlement of all outstanding creditors as agreed in the Deed of Company Arrangement (DOCA), including by way of an issue of New Shares to NRW and to the Trustees of the Creditors' Trust;
- the extinguishment of NRW's secured liabilities in exchange for agreed amounts
  of cash and New Shares, with the residual balance to be converted into a liability
  (with the timing and amount of periodic repayments contingent upon certain
  factors, including the prevailing gold price and production); and
- the Company undertaking the Consolidation.

The Recapitalisation will result in the issue of approximately 4,019,729,910 New Shares (pre-Consolidation) and existing Shareholders will retain an ownership interest in the Company of approximately 20% even if they do not subscribe for any of their Entitlements.

#### Habrok proceedings

On 4 August 2020, the Group received notice that proceedings have been commenced in the Federal Court of Australia by Habrok. Habrok's claims relate to alleged deficiencies in the administrators report to creditors which resulted in the proposed DOCA, assert that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the directors and advisors of the Company from appropriate scrutiny and investigations.

The Federal Court of Australia has currently listed the matter for an urgent hearing on 25 and 26 August 2020 and made consequent orders programming the interlocutory steps towards such a hearing date. This is on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue the New Shares before 1 September 2020 (or such later date as may be agreed or ordered).

#### **Further Information**

The New Shares offered under this Prospectus should be regarded as highly speculative. Refer to Section 5 for a summary of the key risks associated with an investment in the Company. We encourage you to read this Prospectus carefully and in full before applying for any New Shares. If you are in doubt as to any of the contents of this Prospectus, you should consult your broker, accountant or other professional advisor.

If you have any questions in respect to the Entitlement Offer, please call the Advanced Share Registry Limited on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia) at any time between 8.30am and 5.00pm (Perth time), Monday to Friday, until the Closing Date. Alternatively, please contact your broker, accountant or other professional adviser.

On behalf of the Board, I encourage you to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully,

George Bauk Non-Executive Chairman This Section is a summary only and not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

### 1.1 Introduction

|       | Topic                                 | Summary   | Further<br>information |
|-------|---------------------------------------|---|------------------------|
| 1.1.1 | Who is the issuer of this Prospectus? | Gascoyne Resources Limited (Subject to Deed of Company Arrangement) ACN 139 522 900 (Company)   | Section 2.1            |
| 1.1.2 | Who is the Company?                   | The Company was incorporated on 25 September 2009 and was subsequently listed on the ASX in December 2009.  | Sections 2.1 and 2.2   |
|       |                                       | The Company is a gold mining and exploration company. 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 Dalgaranga Gold Project consists of a fully established mine with an 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.   |                        |
|       |                                       | 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 was 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 ( <b>LUC</b> ). 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 6 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 ( <b>Administrators</b> ). The Administrators determined that the best option to preserve 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 |                        |

information

operations), and initiated a dual track process to achieve either a sale or recapitalisation of the Group or its assets.

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

On 25 June 2020, at a second meeting of creditors, the Company's creditors passed a resolution approving entry into the DOCA. 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**).

On 4 August 2020, the Group received notice that proceedings have been commenced in the Federal Court of Australia by Habrok. Habrok's claims relate to alleged deficiencies in the administrators report to creditors which resulted in the proposed DOCA, assert that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the directors and advisors of the Company from appropriate scrutiny and investigations. The Federal Court of Australia has currently listed the matter for an urgent hearing on 25 and 26 August 2020 and made consequent orders programming the interlocutory steps towards such a hearing date. This is on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue the New Shares before 1 September 2020 (or such later date as may be agreed or ordered). Refer to Section 12.9 for further information in relation to the Habrok proceedings.

In addition, the Company has entered into a new \$40 million debt facility with the Financier. NRW has also agreed to extinguish its secured liabilities in exchange for agreed amounts of cash and New Shares, with the residual balance remaining as a liability with the timing and amount of periodic repayments contingent upon certain factors, including the prevailing gold price and production.

The Company will remain subject to DOCA, and its Shares will remain suspended from trading until completion of the DOCA and the satisfaction of certain conditions imposed by ASX for its reinstatement.

ASX has provided conditional approval for reinstatement to trading of the Company's Shares on ASX. ASX's conditions for reinstatement are set out in Section 2.7 (ASX Reinstatement Conditions). Reinstatement to trading is at the discretion of ASX and is subject to compliance with ASX and Corporations Act regulatory requirements.

## 1.2 Recapitalisation overview

|       | Topic                                       | Summary   | Further information |
|-------|---|---|---------------------|
| 1.2.1 | What is the 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 ( <b>Recapitalisation</b> ). The purpose of the Recapitalisation is to:   | Section 2.4         |
|       |   | <ul> <li>restructure the Company's capital and asset base;</li> </ul>   |                     |
|       |   | <ul> <li>raise funds for the working capital requirements of the<br/>Company via the Capital Raising;</li> </ul>  |                     |
|       |   | <ul> <li>achieve effectuation of the DOCA and retirement of the Deed<br/>Administrators;</li> </ul>   |                     |
|       |   | discharge the claims of certain of the Group's creditors; and   |                     |
|       |   | • facilitate the reinstatement of the Shares to trading on ASX.   |                     |
|       |   | The reconstituted Board, key Shareholders, contractors and creditors of the Group have given their support for the Recapitalisation of the Company.   |                     |
| 1.2.2 | What are the key terms of Recapitalisation? | The Recapitalisation will involve:  | Section 2.3         |
|       |   | <ul> <li>the Company undertaking the Capital Raising to raise \$85 million, comprising:</li> </ul>  |                     |
|       |   | <ul> <li>the Entitlement Offer;</li> </ul>  |                     |
|       |   | <ul> <li>the Shortfall Offer; and</li> </ul>  |                     |
|       |   | o the Placement;  |                     |
|       |   | <ul> <li>replacing in full the existing secured debt facility through<br/>partial repayment from proceeds from the Capital Raising and<br/>drawdown on a new \$40 million secured bank debt facility<br/>with the Financier (Finance Facility);</li> </ul>  |                     |
|       |   | NRW releasing its secured debt in return for:   |                     |
|       |   | <ul> <li>a cash amount equal to 8.75% of the gross<br/>proceeds of the Entitlement Offer and Placement up<br/>to a maximum of \$7 million;</li> </ul>   |                     |
|       |   | <ul> <li>\$12 million in New Shares, priced at the issue price<br/>under the Entitlement Offer (NRW Offer); and</li> </ul>  |                     |
|       |   | <ul> <li>a liability for the remaining balance of its secured<br/>debt to be paid subject to specific conditions;</li> </ul>  |                     |
|       |   | <ul> <li>a creditors' trust being established under which all unsecured<br/>creditors whose claims are released by the DOCA will<br/>become beneficiaries of the trust to the value of their debt<br/>against the Group (Creditors' Trust). Payments will be made<br/>to beneficiaries of the Creditors' Trust as follows:</li> </ul> |                     |
|       |   | <ul> <li>up to \$10,000 in cash for each unsecured claim from<br/>the proceeds of the Capital Raising; and</li> </ul>   |                     |
|       |   | <ul> <li>in respect of any remaining balance owed to<br/>unsecured creditors who are owed more than</li> </ul>  |                     |

**Further** 

the issue of New Shares under the Entitlement Offer:

|       | Topic | Summary  | Further information |
|-------|-------|--|---------------------|
|       |       | the issue of New Shares under the Placement;   |                     |
|       |       | <ul> <li>the issue of New Shares to NRW;</li> </ul>  |                     |
|       |       | <ul> <li>the issue of New Shares to the Trustees of the Creditors'<br/>Trust for the benefit of Large Creditors under the DOCA;</li> </ul>   |                     |
|       |       | the Consolidation;   |                     |
|       |       | the adoption of the Constitution;  |                     |
|       |       | the appointment of George Bauk as a Director;  |                     |
|       |       | the appointment of Rowan Johnston as a Director;   |                     |
|       |       | <ul> <li>the issue of Bonus Shares to Mr Richard Hay (or his<br/>nominee); and</li> </ul>  |                     |
|       |       | <ul> <li>the issue of Director placement shares to Richard Hay (or his<br/>nominee).</li> </ul>  |                     |
|       |       | The General Meeting was held on 5 August 2020 and Shareholders approved all resolutions.   |                     |
| 1.2.5 |       | If the conditions precedent to effectuation of the DOCA are satisfied:   | Section 2.3.5       |
|       |       | <ul> <li>the DOCA will terminate and control of the Group will pass<br/>from the Deed Administrators to the Directors;</li> </ul>  |                     |
|       |       | <ul> <li>an amount (which is currently expected to be approximately<br/>\$1 million) will be paid to the Creditors' Trust in partial<br/>satisfaction of unsecured creditors' claims in accordance with<br/>the DOCA; and</li> </ul> |                     |
|       |       | the claims of all unsecured creditors will be released.  |                     |

## 1.3 Key features of our business model

|       | Topic  | Summary   | Further<br>information |
|-------|--|---|------------------------|
| 1.3.1 | What is the<br>Company's<br>proposed<br>business model<br>and how will the<br>Company<br>generate<br>income? | Continued operation of the Company's flagship Dalgaranga Gold Project, resource and infill drilling within the general vicinity of the Dalgaranga Gold Project with the aim of increasing the current mine life and progression of exploration and evaluation opportunities across the Company's tenement holdings.                           | Section 3              |
| 1.3.2 | What are the<br>Company's<br>main<br>objectives?   | <ul> <li>Over the next 12 to 18 months, the main objectives are to:</li> <li>consolidate operational performance and cashflow generation at the Dalgaranga Gold Project;</li> <li>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;</li> </ul> | Section 3.3            |

|       | Topic                                      | Summary   | Further information |
|-------|--|---|---------------------|
|       |  | <ul> <li>commence drilling defined targets and reconnaissance areas<br/>on the exploration tenements surrounding the Dalgaranga<br/>Gold Project targeting the discovery of additional ore feed to<br/>extend mine life;</li> </ul>         |                     |
|       |  | <ul> <li>investigate and advance regional processing hub<br/>opportunities that may add value to the Dalgaranga Gold<br/>Project;</li> </ul>  |                     |
|       |  | <ul> <li>re-assess historic drilling data at the Glenburgh Gold Project<br/>and subject to favourable indicators, commence regional<br/>Glenburgh exploration programs and possibly progress to a<br/>pre-feasibility study; and</li> </ul> |                     |
|       |  | <ul> <li>conduct low impact gold target generation exploration<br/>activities on the Company's Mumbakine Well and Beebyn<br/>regional exploration projects.</li> </ul>  |                     |
| 1.3.3 | What are the ASX Reinstatement Conditions? | ASX has provided the Company with a list of conditions which the Company must comply with in order for its Shares to be reinstated to Official Quotation on ASX. These conditions are summarised in Section 2.7.                            | Section 2.7         |

## 1.4 Investment highlights

|       | Topic                                   | Summary  | Further information |
|-------|---|--|---------------------|
| 1.4.1 | What are the key investment highlights? | The Directors are of the view that, subject to completion of the Offers, the ASX Reinstatement Conditions and effectuation of the DOCA, an investment in the Company provides the following non-exhaustive list of key highlights: | Section 3           |
|       |   | <ul> <li>life of mine plan based on updated resource models and Ore<br/>Reserve;</li> </ul>  |                     |
|       |   | <ul> <li>cash flow positive mine with direct exposure to the spot gold<br/>price;</li> </ul>   |                     |
|       |   | <ul> <li>improved operating performance with 7 consecutive months<br/>to July 2020 of over 6,000 ounces of gold produced;</li> </ul>   |                     |
|       |   | <ul> <li>significant near-term exploration opportunities to extend mine life;</li> </ul>   |                     |
|       |   | <ul> <li>processing hub strategically positioned for regional consolidation; and</li> </ul>  |                     |
|       |   | <ul> <li>re-structured and reduced the risk of the balance sheet with<br/>financial capacity to fund future growth.</li> </ul>   |                     |

Investors should be aware that subscribing for Shares in the Company involves a number of risks. The below and other risks set out in Section 5 may affect the value of the New Shares in the future, and investing in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for New Shares under this Prospectus.

|       | Risk   | Summary   | Further<br>information |
|-------|--|---|------------------------|
| 1.5.1 | Reinstatement to ASX                         | The Company is seeking reinstatement to quotation on ASX's Official List, which is subject to ASX's discretion.   | Section 5.2.1          |
|       |  | There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of its Shares on ASX (including if the Habrok proceedings, further details of which are set out in Section 12.9, are not resolved in favour of the Group). Should this occur the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.   |                        |
| 1.5.2 | DOCA<br>effectuation                         | The Company is currently subject to the DOCA, which requires, among other things, that certain DOCA conditions be satisfied in order for the DOCA to be wholly effectuated. The DOCA conditions may not be satisfied if the Habrok proceedings, further details of which are set out in Section 12.9, are not resolved in favour of the Group.  | Section 5.2.2          |
|       |  | While every endeavour will be made to satisfy the DOCA conditions, there is a risk that if the DOCA conditions are not satisfied the Company may remain in voluntary administration or proceed to liquidation.  |                        |
| 1.5.3 | Drawdown on Finance                          | The ability for the Company to draw down on the Finance Facility is subject to a number of conditions precedent.  | Section 5.2.3          |
|       | Facility                                     | Unless waived by the Financier, the inability to meet the customary and non-customary conditions precedent will mean that the Company will be unable to draw down on the Finance Facility. If the Company is unable to draw down proceeds under the Finance Facility, there would be material uncertainty that the Company could complete the Recapitalisation and thereby effectuate the DOCA.   |                        |
| 1.5.4 | Commodity prices                             | The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD denominated gold price and the AUD denominated gold price as a result of fluctuations in the AUD / USD exchange rate.   | Section 5.2.5          |
| 1.5.5 | Compliance<br>with Finance<br>Facility terms | As part of the proposed Recapitalisation, the Company has entered into the Finance Facility. Under the terms of the Finance Facility, the Company is subject to certain undertakings and financial covenants.   | Section 5.2.6          |
|       |  | The ability to comply with the facility undertakings and financial covenants will be dependent on a number of factors including, but not limited to, adverse movements in interest rates, the price received for gold sold by the Company, the rate of gold production, the cost of production and the Company's financial performance. While the Company anticipates that it can comply with the undertakings and financial covenants, there can be no |                        |

|       | Risk                                     | Summary  | Further information             |
|-------|--|--|---------------------------------|
|       |  | guarantee that it will be able to do so.   |                                 |
|       |  | In addition, the Original Banks have agreed that until 12 September 2020 they will not accept or enter into, or offer or agree to accept or enter into, any transaction which may jeopardise the completion of the DOCA. If the timetable is delayed there is a risk that the Original Banks may not agree to an extension of this.  |                                 |
| 1.5.6 | Operational<br>risks                     | The Company's mining, exploration and development activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of such risks eventuating.   | Section 5.2.15                  |
|       |  | The Company will endeavour to take appropriate action to mitigate against operational risks or to insure against them, but the occurrence of any one or a combination of events giving rise to such risks may have a material adverse effect on the Company's performance and the value of its assets.   |                                 |
| 1.5.7 | Mining risks                             | When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. Each ore body is unique. The nature of mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire ore body.   | Section 5.2.13                  |
|       |  | The Company's operations have previously experienced reconciliation to Ore Reserve and Mineral Resource models significantly below expectations which has impacted the ore tonnes available for milling, the milled grades and resultant recovered ounces. Whilst the Company has improved reconciliation to Ore Reserves and Mineral Resources over the past 6 to 12 months, there is no guarantee that future mining will result in reconciliation consistent with that recently achieved. Failure to meet mining outcomes that are generally consistent with Ore Reserves and Mineral Resources could result in lower returns from the Company's operations than expected, or could result in the Company's operations not being economically viable. This could impact the Company's financial performance and position. | Sections<br>5.2.13 and<br>5.2.8 |
|       |  | The current life of mine plan for the Dalgaranga Gold Project is based on a final excavated Gilbey's pit that has steeper final walls than used in prior life of mine plans. While the Company has a reasonable basis upon which to base the final pit design for the Gilbey's pit, there is a risk that the final excavated pit ends with shallower wall angles than used in the life of mine plan, increasing the cost of gold produced as a result.   | Section 5.2.16                  |
| 1.5.8 | Dependence<br>on external<br>contractors | The Company has outsourced substantial parts of its mining activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by  | Section 5.2.22                  |

|        | Risk                        | Summary  | Further information |
|--------|-----------------------------|--|---------------------|
|        |                             | capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's production and operations.  |                     |
| 1.5.9  | Future capital requirements | Whilst the Offers are expected to leave the Company well positioned, the Company may require further financing to continue to operate in the future if, for example, it fails to meet its mining schedule, or there is otherwise a material departure from the Company's stated production or cost guidance. Any additional equity financing that the Company may undertake in the future may dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operation activities.   | Section 5.2.24      |
|        |                             | There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.   |                     |
| 1.5.10 | Regulatory<br>Approvals     | The Company is periodically required to expand the capacity of its tailing storage facility(s) at the Dalgaranga Gold Project site. Approval requests to increase the capacity of the existing tailings storage facility (TSF Lift Stage 4) were recently submitted to two West Australian government department. On 4 August 2020, the Company received written approval from the West Australian Department of Mines, Industry Regulation and Safety approving the request for TSF Lift Stage 4. The approval request to the second department (Department of Water and Environmental Regulation) remains under review, however, the Company holds reasonable expectations that the approval will be received on or before 31 August 2020. | Section 5.2.19      |
|        |                             | In the event that the remaining approval for TSF Lift Stage 4 is not received by 31 August 2020, the Company may be required to reduce or even cease production operations until additional tailings storage capacity is approved and becomes operational.   |                     |
| 1.5.11 | Going concern<br>risk       | Failure to complete the proposed Recapitalisation may result in the termination of the DOCA and the appointment of liquidators, and the Group would no longer be able to continue as a going concern.  | Section 5.2.26      |
|        |                             | If the proposed Recapitalisation does not complete and the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.  |                     |
| 1.5.12 | Litigation risk             | If the Habrok proceedings are not resolved in favour of the Group within the period of 3 months after the date of the General Meeting (or such period as varied by ASIC, ASX or a court of competent jurisdiction (as the case may be)) as described in  | Section 5.3.2       |

| Risk | Summary  | Further<br>information |
|------|--|------------------------|
|      | Section 7.16, there is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of its Shares on ASX. One of the ASX Reinstatement Conditions is that the Company provides an update to ASX on all litigation with respect to the Company (if any). If the Company is not able to meet the requirements of ASX for re-quotation of its Shares on ASX, the Company will not issue any New Shares under the relevant Offer and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest. There is also a risk that the Company may not be able to satisfy the DOCA conditions. If the DOCA conditions are not satisfied the Company may remain subject to deed of company arrangement or proceed to liquidation. |                        |

### 1.6 Directors and senior executives

|       | Topic  | Summary  | Further<br>information  |
|-------|--|--|-------------------------|
| 1.6.1 | management at the Company?  Rowan Johnston (Independent Non-Executive Director (and appointment as Managin | Directors  | Sections 6.1<br>and 6.2 |
|       |  | George Bauk (Independent Non-Executive Chairman)   | and 0.2                 |
|       |  | Rowan Johnston (Independent Non-Executive Director)  |                         |
|       |  | <ul> <li>Richard Hay (Director (and appointment as Managing<br/>Director to take effect from completion of the DOCA))</li> </ul>   |                         |
|       |  | Senior Management  |                         |
|       |  | Richard Hay (currently Chief Executive Officer)  |                         |
|       |  | David Coyne (Chief Financial Officer)  |                         |
|       |  | Shane McBride (Company Secretary)  |                         |
|       |  | Michael McCracken (Dalgaranga Mine – General Manager)  |                         |
|       |  | <ul> <li>Julian Goldsworthy (Chief Geologist)</li> </ul>   |                         |
|       |  | Mr McCracken is engaged by the Company as a contractor through Mining One Pty Ltd. The profiles of each of the Directors and senior management are set out in Sections 6.1 and 6.2.      |                         |
| 1.6.2 | What are the significant interests of Directors in the Company?  | Details of the personal interests of each of the Directors in the Securities of the Company as well as their respective remuneration agreed with the Company is detailed in Section 6.3. | Section 6.3             |

### 1.7 Overview of the Offers

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

|       | Торіс                          | Summary   | Further information  |  |
|-------|--------------------------------|---|--|--|
| 1.7.1 | What are the                   | The Offers comprise:  | Section 7  |  |
|       | Offers?                        | the Entitlement Offer;  |  |  |
|       |                                |   | the Placement;   |  |
|       |                                | the Shortfall Offer;  |  |  |
|       |                                | the NRW Offer;  |  |  |
|       |                                | <ul> <li>the Creditors' Trust Offer; and</li> </ul>   |  |  |
|       |                                | <ul> <li>the offer of Bonus Shares.</li> </ul>  |  |  |
| 1.7.2 | What is the Entitlement Offer? | The Entitlement Offer is the offer of 2.00 New Shares for every 1 Share held by Eligible Shareholders on the Record Date at an issue price of \$0.025 per New Share.  | Section 7.1  |  |
|       |                                | The Entitlement Offer has 2 components:   |  |  |
|       |                                |   | <ul> <li>the Institutional Entitlement Offer – Eligible Institutional<br/>Shareholders will be given the opportunity to take up all or<br/>part of their Entitlement. Entitlements under the Institutional<br/>Entitlement Offer are non-renounceable. The Lead Manager<br/>and/or the Company will provide all Eligible Institutional<br/>Shareholders with details of the Institutional Entitlement Offer<br/>and how to apply under the Institutional Entitlement Offer; and</li> </ul> |  |
|       |                                | • the Retail Entitlement Offer – Eligible Retail Shareholders will<br>be given the opportunity to take up all or part of their<br>Entitlement. Retail Entitlements are also non-renounceable.<br>Eligible Retail Shareholders who have applied for their full<br>Entitlement can also apply for Additional Shares in excess of<br>their Entitlement, up to a maximum of 50% of their total<br>Entitlement under the Top Up Facility. There is no guarantee<br>that Eligible Retail Shareholders will be allocated any<br>Additional Shares under the Top Up Facility. |  |  |
|       |                                | The Entitlement Offer seeks to issue up to 2,009,729,910 New Shares and to raise approximately \$50 million (before costs).   |  |  |
|       |                                | New Shares issued under the Institutional Entitlement Offer will be issued at the same price and at the same ratio as those being offered under the Retail Entitlement Offer.   |  |  |
|       |                                | The announcement of the results of the Institutional Entitlement Offer will be made on 17 August 2020 and the issue of New Shares under the Institutional Entitlement Offer is expected to occur on the same date as the issue of New Shares under the Retail Entitlement Offer, being 16 September 2020.   |  |  |
|       |                                | Application will be made for the New Shares to be quoted on ASX.  |  |  |

|       | Topic  | Summary  | Further<br>information |
|-------|--|--|------------------------|
| 1.7.3 | What is the Placement?   | The Placement is the issue of 1,400,000,000 New Shares at \$0.025 per New Share (the same issue price as the Entitlement Offer) to Institutional Investors in a Permitted Jurisdiction.                      | Section 7.2            |
|       |  | The Placement will raise approximately \$35 million (before costs).  |                        |
|       |  | A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on New Shares issued pursuant to the Placement are removed. |                        |
| 1.7.4 | What is the purpose of the                                       | The proposed use of funds raised under the Entitlement Offer and Placement are:  | Section 8.1            |
|       | Entitlement<br>Offer and<br>Placement?                           | <ul> <li>repayment of the Group's secured banking facilities (currently<br/>with the Original Banks), including accrued but unpaid<br/>interest: \$40 million;</li> </ul>                                    |                        |
|       |  | <ul> <li>establishment of a minimum cash balance reserve to meet<br/>requirements of the Finance Facility to refinance part of the<br/>debt owed to the Original Banks: \$10 million;</li> </ul>             |                        |
|       |  | <ul> <li>satisfaction of the upfront payment to NRW, as referred to in<br/>Section 2.3.4: \$7 million;</li> </ul>  |                        |
|       |  | <ul> <li>exploration and evaluation activities: \$3 million;</li> </ul>  |                        |
|       |  | <ul> <li>initial payment to the Creditors' Trust<sup>(1)</sup>: \$1.0 million;</li> </ul>  |                        |
|       |  | estimated costs of the Capital Raising: \$7.4 million; and   |                        |
|       |  | general working capital purposes: up to \$16.6 million.  |                        |
|       |  | (1) In accordance with the DOCA, the remaining 50% of debt owed to<br>large unsecured creditors will be paid into the Creditors' Trust in due<br>course.   |                        |
| 1.7.5 | Is the<br>Entitlement<br>Offer and<br>Placement<br>underwritten? | Yes. The Entitlement Offer and Placement is fully underwritten by the Lead Manager.  | Section 7.1.3          |
|       |  | Under the terms of the Underwriting Agreement, the Lead Manager may sub-underwrite all or some of the Entitlement Offer to institutional and/or professional investors.                                      |                        |
|       |  | The underwriting is subject to the terms and conditions set out in Section 12.5.   |                        |
| 1.7.6 | Am I an  | The Entitlement Offer is made to Eligible Shareholders only.   | Section 9.1            |
|       | Eligible<br>Shareholder?   | Eligible Institutional Shareholders are those Institutional Shareholders on the Record Date whom the Company and the Lead Manager determine in their discretion:   |                        |
|       |  | are eligible to participate in the Institutional Entitlement Offer;  |                        |
|       |  | <ul> <li>successfully receive an invitation from the Lead Manager to<br/>participate in the Institutional Entitlement Offer (either directly<br/>or through a nominee); and</li> </ul>                       |                        |
|       |  | are in a Permitted Jurisdiction.   |                        |
|       |  | Eligible Retail Shareholders are Shareholders on the Record Date who:  |                        |

|       | Topic  | Summary   | Further information |
|-------|--|---|---------------------|
|       |  | are registered as a holder of Shares;   |                     |
|       |  | <ul> <li>have a registered address in Australia or New Zealand as<br/>noted on the Company's share register or persons that the<br/>Company has determined in its discretion are Eligible Retail<br/>Shareholders;</li> </ul>   |                     |
|       |  | <ul> <li>are not in the United States and are not a person (including<br/>nominees or custodians) acting for the account or benefit of a<br/>person in the United States;</li> </ul>  |                     |
|       |  | <ul> <li>were not invited to participate in the Institutional Entitlement<br/>Offer and were not treated as Ineligible Institutional<br/>Shareholders under the Institutional Entitlement Offer (other<br/>than as a nominee or custodian, in each case in respect of<br/>other underlying holdings); and</li> </ul>  |                     |
|       |  | <ul> <li>are eligible under all applicable securities laws to receive an<br/>offer under the Retail Entitlement Offer.</li> </ul>   |                     |
|       |  | The Company may (with the Lead Manager's consent) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws). The Retail Entitlement Offer is not available to any person in the United States or any person acting for the account or benefit of a person in the United States.  |                     |
| 1.7.7 | How do I apply<br>for New<br>Shares under<br>the<br>Institutional<br>Entitlement<br>Offer? | Eligible Institutional Shareholders may subscribe for all or part of their Entitlement as set out in the Confirmation Letters. The Lead Manager and/or the Company will provide all Eligible Institutional Shareholders with details of the Institutional Entitlement Offer and how to apply under the Institutional Entitlement Offer at the commencement of the Institutional Entitlement Offer.  | Section 9.2         |
| 1.7.8 | What are the alternatives for Eligible Retail Shareholders under the Entitlement Offer?    | As an Eligible Retail Shareholder, you may:     take up all of your Entitlement and, if you have applied for your full Entitlement, apply for Additional Shares above your Entitlement (capped at 50% of your total Entitlement) under the Top Up Facility;     take up part of your Entitlement, and allow the balance of your   | Section 9.3         |
|       |  | Entitlements to lapse; or   |                     |
|       |  | allow all of your Entitlement to lapse.   |                     |
| 1.7.9 | How do I<br>accept all or<br>part of the<br>Retail<br>Entitlement<br>Offer?                | Applications for the Retail Entitlement Offer may only be made by Eligible Retail Shareholders during the Offer Period on an Entitlement and Acceptance Form attached to or accompanying this Prospectus. Eligible Retail Shareholders can download a copy of this Prospectus and a personalised Entitlement and Acceptance Form during the Offer Period through the 'Investors Login' at https://www.advancedshare.com.au/investors (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access). Once logged in the personalised Entitlement and Acceptance Form attached to or accompanying the electronic Prospectus is available from the 'Document Print' link. | Section 9.3         |

|        | Торіс   | Summary  | Further<br>information      |
|--------|---|--|-----------------------------|
|        |   | If you are an Eligible Retail Shareholder and you wish to take up all or part of your Entitlement, you must either:  |                             |
|        |   | <ul> <li>complete and return the personalised Entitlement and<br/>Acceptance Form to the Share Registry together with a<br/>cheque or bank draft for the full Application Monies so that it<br/>is received by the Share Registry by no later than 5.00pm<br/>Perth time on the Closing Date; or</li> </ul>  |                             |
|        |   | <ul> <li>pay the full Application Monies via BPAY® so that they are<br/>received by no later than 5.00pm Perth time on the Closing<br/>Date.</li> </ul>  |                             |
|        |   | Please note that there may be delays in receiving or returning Entitlement and Acceptance Forms by mail due to the impacts of COVID-19. BPAY is the fastest and easiest way to apply and is recommended by the Share Registry in light of delays to postal services caused by the COVID-19 pandemic. Please ensure you allow for potential delays if you plan to return your Entitlement and Acceptance Form by mail.  |                             |
| 1.7.10 | Can Eligible<br>Retail<br>Shareholders<br>apply for New<br>Shares in<br>excess of their<br>Entitlement? | Yes. Under the Top Up Facility, Eligible Retail Shareholders (other than Directors and related parties) who have applied for their full Entitlement may also apply for Additional Shares, capped at a maximum of 50% of their Entitlement. However, there may be few or no Additional Shares available for issue depending upon the level of take up of Entitlements by Eligible Retail Shareholders. Applications for Additional Shares may be scaled back at the discretion of the Directors. The Board will exercise its discretion in the interests of Shareholders, but will scale back applications, inter alia, to the extent required by applicable laws and policies. | Sections 7.1.2<br>and 9.3.3 |
|        |   | As such, there is no guarantee that you will receive any or all of the Additional Shares you apply for. Refer to Section 7.3 for further information regarding the Company's allocation policy.  |                             |
|        |   | Further, the Company will not allocate or issue New Shares under the Top Up Facility where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law. Eligible Retail Shareholders wishing to apply for Additional Shares under the Top Up Facility must consider whether or not the issue of the Additional Shares applied for would breach the Corporations Act, the Listing Rules or any other relevant regulation or law having regard to their own circumstances.   |                             |
| 1.7.11 | How will the Shortfall be allocated?  | Any New Shares not subscribed for under the Placement and any Entitlements not taken up under the Entitlement Offer (including the Top Up Facility) will become Shortfall Shares.  | Section 7.3                 |
|        |   | Subject to the terms of the Underwriting Agreement, if any New Shares are not validly subscribed for under the Placement or the Institutional Entitlement Offer, the Lead Manager must subscribe or procure subscriptions, and pay or procure payment of the Offer Price in respect of, these Shortfall Shares.  |                             |
|        |   | The allocation of any Shortfall Shares in respect of the Placement and Institutional Entitlement Offer will be determined by the Lead Manager in consultation with the Company, and may include allocations to Institutional Investors who have committed to sub-  |                             |

|        | Topic   | Summary  | Further information |
|--------|---|--|---------------------|
|        |   | underwrite the offer of New Shares under the Placement or the Institutional Entitlement Offer.   |                     |
|        |   | If any New Shares are not subscribed for under the Retail Entitlement Offer, these New Shares will be allocated in priority to Eligible Retail Shareholders who have participated in the Top Up Facility.  |                     |
|        |   | Subject to the terms of the Underwriting Agreement, to the extent that there are Shortfall Shares in respect of the Retail Entitlement Offer after all of the New Shares have been allocated to Eligible Retail Shareholders participating in the Retail Entitlement Offer and the Top Up Facility, the Lead Manager must subscribe or procure subscriptions, and pay or procure payment of the Offer Price in respect of, these Shortfall Shares. |                     |
|        |   | The allocation of any Shortfall Shares in respect of the Retail Entitlement Offer will be determined by the Lead Manager in consultation with the Company, and may include allocations to Institutional Investors who have committed to sub-underwrite the offer of New Shares under the Retail Entitlement Offer.   |                     |
|        |   | New Shares will not be allocated or issued under the Shortfall Offer where the Lead Manager and the Company consider that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law.  |                     |
| 1.7.12 | Can I sell my<br>Entitlements<br>under the<br>Entitlement<br>Offer?         | No. The Entitlement Offer is non-renounceable, meaning that Entitlements are not able to be traded or transferred, and any Entitlements not taken up will lapse and no value will be received for them. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.   | Section 7.10        |
| 1.7.13 | Is there a minimum subscription amount for the Entitlement Offer and        | Yes. There is a minimum subscription amount of \$75 million for the Entitlement Offer and Placement.   | Section 7.8         |
|        |   | The Entitlement Offer and Placement is fully underwritten by the Lead Manager (subject to the terms and conditions of the Underwriting Agreement as set out in Section 12.5).  |                     |
|        | Placement?  | If the minimum amount is not raised by the Settlement Date (for example, if the Underwriting Agreement is terminated and the Company is not otherwise able to raise the funds), the Company will not proceed with the Entitlement Offer and will repay all application monies received without interest.   |                     |
| 1.7.14 | What will be the effect of the Entitlement Offer on control of the Company? | The effect of the Entitlement Offer on the control of the Company will vary with the level of Entitlements and Additional Shares taken up by Eligible Shareholders and the number of New Shares that are taken up by the Lead Manager/or sub-underwriters in the event that Eligible Shareholders do not take up their full Entitlements.  | Section 8.3         |
|        |   | The Company and the Lead Manager will cap the extent to which a Shareholder or sub-underwriter may take up New Shares issued under the Shortfall Offer or sub-underwriting such that there will be no Shareholder or sub-underwriter whose interest would exceed 19.9% on the completion of the Entitlement Offer, as a result of the Entitlement Offer.   |                     |

# 2 Company and Recapitalisation overview

# 2.1 Overview of the Company

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 (which hold ancillary assets, namely tenements).

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**). Since this appointment, the Administrators allowed the operation to continue trading whilst progressing a dual track process to achieve either a sale or recapitalisation of the Group or its assets.

Following the appointment of the Administrators, the Company, together with several supportive stakeholders, have developed a proposal to recapitalise the Company by way of the DOCA and the Recapitalisation (details of which are detailed below).

The Group's current projects are:

- gold production and exploration at the Dalgaranga Gold Project; and
- gold exploration at the Glenburgh Gold Project; and
- various gold exploration projects in the Murchison and Gascoyne regions of Western Australia.

# 2.1.1 Dalgaranga Gold Project

The Dalgaranga Gold Project, with a tenement area of around 1,000km<sup>2</sup>, is located approximately 65km by road northwest of Mount Magnet in the Murchison region of Western Australia and covers the majority of the Dalgaranga greenstone belt.

The Dalgaranga Gold Project, which is currently producing gold, consists of a fully established mine and carbon-in-leach processing facility, camp and airstrip. Commissioning and the first gold pour were completed in May 2018. Between the first gold pour and the end of June 2020, over 133,000 ounces of gold have been produced from the Dalgaranga Gold Project.

The Dalgaranga Gold Project has a measured, indicated and inferred Mineral Resource of 29.62Mt @ 0.84g/t Au for 801,300 ounces of gold from several deposits, see Table 4 in Section 3.2.1.11. The project has proved and probable Ore Reserves of 16.3Mt @ 0.8g/t Au for 426,300 ounces of gold.

# 2.1.2 Glenburgh Gold Project

The Glenburgh Gold Project is located in the Southern Gascoyne region of Western Australia and is approximately 250km east of Carnarvon. The project consists of a gold mineralised shear system hosted in interpreted remnants of Archean terrain in a Proterozoic mobile belt in a similar setting to the Tropicana Gold Mine.

The Glenburgh Gold Project is viewed as an organic growth project opportunity in a district that the Company believes has been historically underexplored. The Company

has previously carried out exploration drilling on the Glenburgh Gold Project area and intends to commence a review of the previous exploration drilling results as part of its near term-business plan. The intent of the review is to assess what, if any, Mineral Resource estimate could be determined in accordance with JORC 2012 using, amongst other factors, the available drilling results and prevailing gold prices. Subject to positive outcomes, the Company may then progress to a pre-feasibility study on the Glenburgh Gold Project area.

# 2.2 Background to the Administration and the Recapitalisation

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 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 6 months. With a lack of sufficient available funding at the time, the Board placed the Group into voluntary administration.

On 2 June 2019, the Administrators were appointed as joint and several voluntary administrators of the Company and each of its wholly owned subsidiaries. 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. In addition, 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.

The Company exceeded 73,000 ounces of gold production for the 2019/2020 financial period. Furthermore, after 6 consecutive months of more than 6,000 ounces of gold produced, the Company achieved the upper end of guidance for the June 2020 quarter (18-21koz) with 20,550 ounces of gold produced for the quarter. Subsequent to end of the June 2020 quarter, in July 2020 the Company also produced over 6,000 ounces of gold, extending to 7 the number of consecutive months of gold production greater than 6,000 ounces.

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. Approximately \$4.5 million has also 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 the broader Recapitalisation and relisting plan. This recommendation came after a significant operational turnaround was achieved at the Company over the previous 13 months.

On 25 June 2020, at a second meeting of creditors, the Company's creditors passed a resolution approving entry into the DOCA. The purpose of the DOCA is to restructure the Company's debt and facilitate the recapitalisation of the Company, as contemplated by the Recapitalisation described below. The Group entered into the DOCA on 26 June 2020, further details in respect of which are set out in Section 2.3.2. Under the DOCA, the Administrators were appointed joint and several deed administrators (**Deed Administrators**).

In addition, the Deed Administrators and the Company have agreed a partial refinancing of the Group's secured banking facilities with the National Australia Bank and Commonwealth Bank of Australia (**Original Banks**), further details in respect of which are set out in Section 2.3.3.

NRW has also agreed to restructure its secured debt, further details in respect of which are set out in Section 2.3.4.

On 4 August 2020, the Group received notice that proceedings have been commenced in the Federal Court of Australia by Habrok. Habrok's claims relate to alleged deficiencies in the administrators report to creditors which resulted in the proposed DOCA, assert that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the directors and advisors of the Company from appropriate scrutiny and investigations. The Federal Court of Australia has currently listed the matter for an urgent hearing on 25 and 26 August 2020 and made consequent orders programming the interlocutory steps towards such a hearing date. This is on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue the New Shares before 1 September 2020 (or such later date as may be agreed or ordered). Refer to Section 12.9 for further information in relation to the Habrok proceedings.

# 2.3 The Recapitalisation and DOCA

The Recapitalisation comprises 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, including:

- the Capital Raising (see Section 2.3.1 below);
- refinancing of the secured banking facilities owed to the Original Banks (see Section 2.3.3 below);
- restructure of NRW's secured debts and entry into certain arrangements with GNT and GRL (see Section 2.3.4 below); and
- the establishment of the Creditors' Trust (see Section 2.3.2 below).

# 2.3.1 Capital Raising

The Recapitalisation will involve the Company undertaking a capital raising to raise \$85 million, comprising:

- the Entitlement Offer;
- the Shortfall Offer; and

See Section 7 for further details of the Entitlement Offer, Shortfall Offer and Placement.

## 2.3.2 DOCA

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 preappointment entitlements outstanding, were paid their priority entitlements within 1 month of the 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:

- up to \$10,000 in cash for each unsecured claim from the proceeds of the Capital Raising; and
- in respect of any remaining balance owed to unsecured creditors who are owed more than \$10,000 (**Large Creditors**):
  - o 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:
    - transfer New Shares to that beneficiary at the issue price under the Entitlement Offer in 2 tranches (namely half of the New Shares 1 month after effectuation of the DOCA and the other half of the New Shares 2 months after effectuation of the DOCA); or
    - sell the relevant proportion of Shares and remit the proceeds of sale to the relevant beneficiary within 3 months after effectuation of the DOCA); and
  - 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).

## 2.3.3 The Group's secured banking facilities

As at 2 June 2019 (the date of appointment of the Administrators), the Original Banks held first ranking security over all of the assets of the Group to secure a debt that is now approximately \$80 million (**Banking Debt**).

As part of the Recapitalisation, the Company has entered into an arrangement to refinance \$40 million of the Banking Debt and the balance will be repaid from the Capital Raising proceeds. Key terms of the new \$40 million secured debt facility (**Finance Facility**) are:

| Overview | A\$40 million facility available for a single drawdown within 14 days                           |
|----------|---|
|          | of satisfaction of conditions precedent to be used towards the refinancing of the Banking Debt. |

| Term                                | 3 years.  |  |  |  |  |
|-------------------------------------|---|--|--|--|--|
| Repayment                           | Balance drawn is repaid in quarterly instalments with the first repayment to be made on 31 December 2020.   |  |  |  |  |
| Interest and fees                   | Australian Bank Bill Swap Bid Rate plus a margin of 5.25% per annum. Fees standard for a facility of this nature.   |  |  |  |  |
| Hedging                             | On a rolling 18-month basis during the term, at least 40% of gold production is to be hedged (and for the first 18-month period at a price of not less than A\$2,400/oz).   |  |  |  |  |
| Cash sweep                          | On a quarterly basis, 20% of surplus cash flow available for debt service less the financing costs for the quarter, is to be swept and applied to reduce the outstanding debt balance (such payments are in addition to scheduled principal repayments). This 20% sweep increases to 30% if there is a failure to meet minimum performance targets relating to production and costs associated with the project for two consecutive quarters. |  |  |  |  |
| Mandatory prepayment                | If certain levels are not met in respect of the financial covenants and ratios, a lock up event will occur. On the occurrence of a lock up event, the Company must make a mandatory prepayment up to an amount to ensure that on re-calculation of the financial covenant or ratio, the relevant levels are met.  |  |  |  |  |
| Security and guarantees             | The Financier will have senior security over the Group's assets, subject to agreed carve-outs that are customary for a facility of this nature.  Each member of the Group will be a guarantor under the Finance Facility.   |  |  |  |  |
| Conditions precedent                | Conditions precedent to drawdown are customary for a facility of this nature and include:   |  |  |  |  |
|                                     | <ul> <li>entry into the hedging arrangements described above and<br/>entry into a refinance co-ordination deed with, amongst others,<br/>the providers of the existing Banking Debt;</li> </ul>   |  |  |  |  |
|                                     | conditions relating to completion of the re-listing on the ASX;   |  |  |  |  |
|                                     | conditions relating to completion under the deed of company arrangement; and  |  |  |  |  |
|                                     | the Company raising at least \$50 million from the Offer.   |  |  |  |  |
| Events of default and review events | The Finance Facility contains events of default which are customary for a facility of this nature.  |  |  |  |  |
|                                     | On and from financial close it will be a review event if a person acquires voting power in excess of 35% of the Company or the Company fails to meet certain minimum performance targets. If a review event occurs, the Finance Facility may be restructured or cancelled with the outstanding balance, together with all accrued interest due and payable within 90 days.  |  |  |  |  |

# Representations, warranties and undertakings

The Finance Facility contains certain representations and undertakings that are customary for a facility of this nature and having regard to the nature of the Group, the project and its business. The Company specifically notes:

- The Company is required to maintain a proceeds account and debt service reserve and account, and the Company must have at least \$15 million in a designated proceeds account on the date that the conditions precedent are satisfied. The Company must then maintain a minimum available cash balance of \$10 million at all times thereafter (inclusive of an amount of \$7.5 million in a designated proceeds account).
- Financial covenants and ratios customary for a facility of this nature are to be complied with on a quarterly basis.
- The Company is prevented from making distributions to its Shareholders unless (amongst other things) the principal outstanding is less than \$25 million, the debt service reserve account and proceeds account meet minimum cash balance requirements and the financial covenants are met.

Monthly repayments to the Original Banks of \$1 million per month commenced on 1 July 2020 and will continue until the earlier of repayment in full or 30 September 2020.

The Original Banks have also given the Deed Administrators until 12 September 2020 to complete the Recapitalisation and relisting of the Company. Until 12 September 2020, the Original Banks have agreed they will not accept or enter into, or offer or agree to accept or enter into, any transaction which may jeopardise the completion of the DOCA.

#### 2.3.4 NRW

As at 2 June 2019 (the date of appointment of the Administrators), GNT Resources owed approximately \$32.7 million to NRW 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:

- an upfront payment equal to 8.75% of the gross proceeds of the Entitlement Offer and Placement 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 Entitlement Offer;
- 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 Offer). NRW has agreed not to dispose of any of the NRW Shares during
  the period ending 6 months after completion of the Entitlement Offer; and
- a payment amount equal to \$32.7 million less the amount of the upfront payment and the amount of the NRW Offer described above.

The payment amount will be recognised as a liability by the Company and be payable in quarterly instalments (subject to certain conditions being satisfied, including with respect to a minimum gold price of A\$2,000, actual production figures, 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. NRW, the Company and

GNT Resources entered into an agreement to effect this arrangement on 17 June 2020 (as amended from time to time, the **NRW Settlement Agreement**).

In addition, GNT Resources and NRW are at an advanced stage of negotiations for a variation to certain rates and prices contained in the NRW Mining Contract. GNT Resources has received revised rates and prices from NRW that are, in the opinion of the Company, competitive with current market rates for comparable mining services. Upon finalisation of the negotiations, the parties intend to sign a letter of intent in advance of completing the documentation required to amend the NRW Mining Contract.

## 2.3.5 DOCA conditions, status and effect of DOCA

Effectuation of the DOCA is subject to certain conditions precedent being satisfied, as set out in the table below:

| Condition   | Status   |
|---|--|
| Execution by the Original Banks, GNT Resources and the Company (and any other relevant Group entities) of an agreement to release all security held by the Original Banks over the assets of the Group. | Expected to be satisfied shortly after completion of the Capital Raising           |
| Execution by the Financier and the relevant Group entities of the Finance Facility and Refinance Security.  | Satisfied  |
| Repayment of the bank debt to the Original Banks due under the facility made available to the Administrators in full.   | Expected to be satisfied in due course following completion of the Capital Raising |
| Execution of the Hedging Facility.  | Satisfied  |
| Execution by NRW, GNT Resources and the other relevant Group entities of the NRW Settlement Agreement.  | Satisfied  |
| Release of the NRW security as contemplated by the NRW Settlement Agreement.  | Expected to be satisfied in due course following completion of the Capital Raising |
| The appointment of a managing director and 2 or more non-executive directors to the Board.  | Satisfied  |
| Completion of the Capital Raising.  | Expected to be satisfied in due course as contemplated by this Prospectus          |
| Execution of the Creditors' Trust Deed.   | Satisfied  |

If the conditions precedent to effectuation of the DOCA are satisfied:

- the DOCA will terminate and control of the Group will pass from the Deed Administrators to the Directors;
- an amount (which is currently expected to be approximately \$1 million) will be paid to the Creditors' Trust in partial satisfaction of unsecured creditors' claims in accordance with the DOCA; and
- the claims of all unsecured creditors will be released.

# 2.4 Purpose of the Recapitalisation

The purpose of the Recapitalisation is to:

restructure the Company's capital and asset base;

- raise funds for the working capital requirements of the Company;
- achieve effectuation of the DOCA and retirement of the Deed Administrators;
- discharge the claims of certain of the Group's creditors; and
- facilitate the reinstatement of the Shares to trading on the ASX.

The reconstituted Board, key Shareholders, contractors and creditors of the Group have given their support for the Recapitalisation of the Company.

# 2.5 Board and management

The Company currently has the following Directors on its Board:

- George Bauk (Independent Non-Executive Chairman)
- Rowan Johnston (Independent Non-Executive Director)
- Richard Hay (Director and appointment as Managing Director to take effect from completion of the DOCA)

The Company currently has the following management:

- Richard Hay (Chief Executive Officer)
- Shane McBride (Company Secretary)
- David Coyne (Chief Financial Officer)
- Michael McCracken (Dalgaranga Mine General Manager)
- Julian Goldsworthy (Chief Geologist)

The Directors, management and technical team of the Company have a complementary balance of skills and experience that will facilitate the Company successfully implementing the business strategy detailed in this Prospectus.

Refer to Sections 6.1 and 6.2 for details of the Directors and management and qualifications.

## 2.6 Consolidation

At the General Meeting, Shareholders approved the Consolidation, being the consolidation of the Company's existing Shares on the basis that every 20 Shares are consolidated into 1 Share, with fractional entitlements rounded up to the nearest whole number, with entitlements to less than half of a Share or Option rounded down.

Key dates for the Consolidation are set out in the Timetable. The effect of the Consolidation is set out in Section 8.2.

# 2.7 ASX Reinstatement Conditions

ASX confirmed that, subject to the satisfaction of the conditions for reinstatement detailed below, the Shares will be reinstated to trading of the Official List.

- 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).
- 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.

- Confirmation that the Creditors' Trust has been established.
- Confirmation that the Company's secured banking facilities have been repaid and/or refinanced with the Original Banks (and/or with a new financier(s)).
- Confirmation of execution of the Hedging Facility.
- 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.
- Shareholders approving all the resolutions required to effect the Recapitalisation to be considered at the General Meeting.
- The Company releasing a full form prospectus pursuant to section 710 of the Corporations Act in relation to the Capital Raising.
- Completion of the Capital Raising, closure of the Prospectus and confirmation that the Company has reached minimum subscription.
- Confirmation in a form acceptable to ASX that the Company 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.
- Confirmation that the Company's subsidiary companies and assets, which will carry forward following effectuation of the DOCA or the amended DOCA (as applicable), are in good standing.
- The Company demonstrating compliance with ASX Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as set out below.
  - The Company satisfies the requirements of ASX Listing Rule 12.1.
  - The Company's financial condition satisfies the requirements of ASX Listing Rule 12.2, including:
    - Completion of the 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 or the amended DOCA (as applicable) (and any amendments or variations thereto), the Company can demonstrate to ASX that it will have net tangible assets for at least \$4 million pursuant and satisfies the requirements of ASX Listing Rule 1.3.2(a);
    - Making a 'working capital statement' similar to that required by ASX Listing Rule 1.3.3(a) to the effect that following completion of the Capital Raising, the Company will have sufficient working capital at the time of reinstatement to carry out its activities; and
  - Satisfying the 'working capital test' pursuant to ASX Listing Rule 1.3.2(b).
- The Company's level of shareholder spread will satisfy the requirements of ASX 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).
- Lodgement of all outstanding Appendices 3B with ASX for issues of new securities.
- Reinstatement of the Company's CHESS sub-register (if applicable).

- The Company 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
- Lodgement of any outstanding reports for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
- Confirmation that no event of default has occurred under the new loan facilities.
- Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
- Confirmation that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.
- Payment of any ASX fees, including listing fees, applicable and outstanding.
- Confirmation the securities to be issued following the General Meeting have been issued, and despatch of each of the following has occurred.
  - In relation to all holdings on the CHESS sub register, a notice from the Company under ASX Settlement Operating Rule 8.9.1.
  - In relation to all other holdings, issuer sponsored holding statements.
  - Any refund money.
- Provision of the following documents, in a form suitable for release to the market.
  - 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.
  - 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

- Completion of the Capital Raising, closure of the Prospectus and confirmation that the Company has reached minimum subscription.
- A statement outlining the Company's capital structure following the Meeting on a post-issue basis.
- The Company's pro forma balance sheet based on actual funds raised.
- The Company's updated statement of commitments based on actual funds raised.
- A consolidated activities report setting out the proposed business strategy for the Company (including an update on the status of the Company's assets and the current activities with respect thereto).
- Full terms and conditions of all options on issue (if any).
- Full terms and conditions of any employee incentive schemes (if any).
- A statement disclosing the recipients of the broker shares, if any (including the number of shares issued to each broker).

- A statement similar to that required by ASX Listing Rule 1.3.3(a) and 1.3.3(b) to the effect that following completion of the Capital Raising the Company 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.
- A statement disclosing the extent to which the Company will follow, as
  at the date its securities are reinstated, the recommendations set by
  the ASX Corporate Governance Council. If the Company does not
  intend to follow all of the recommendations on its reinstatement, the
  Company must identify those recommendations that will not be
  followed and give its reasons for not following them.
- 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.
- A copy of the Company's securities trading policy as required by ASX Listing Rule 12.9.
- An update on all litigation with respect to the Company (if any).
- A statement confirming that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.
- A statement setting out:
  - 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).
  - 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.
  - the Creditors' Trust has been established.
  - the Company's secured banking facilities have been refinanced with the Original Banks (and/or with a new financier(s)).
  - the conversion of part of NRW's debt into New Shares in accordance with the terms agreed with NRW and advised to ASX.
- A statement confirming that no event of default has occurred under the new loan facilities.
- A statement confirming the Company is in compliance with the ASX Listing Rules and in particular ASX Listing Rule 3.1.
- Any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure.
- A statement confirming the responsible person for the purposes of ASX Listing Rule 1.1 condition 12.
- 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 the Company's financial reports.

# 2.8 General Meeting

The Company held an extraordinary general meeting of Shareholders on 5 August 2020 (**General Meeting**). At that meeting Shareholders approved:

- the issue of the New Shares under the Entitlement Offer (for the purposes of ASX Listing Rule 7.1);
- the issue of New Shares under the Placement (for the purposes of ASX Listing Rule 7.1);
- the issue of New Shares to NRW (for the purposes of ASX Listing Rule 7.1);
- the issue of New Shares to the Creditors' Trust for the benefit of Large Creditors under the DOCA (for the purposes of ASX Listing Rule 7.1);
- the Consolidation (for the purposes of section 254H of the Corporations Act);
- the adoption of the Constitution (for the purposes of section 136 of the Corporations Act);
- the appointment of George Bauk as a Director;
- the appointment of Rowan Johnston as a Director;
- the issue of Bonus Shares to Mr Richard Hay (or his nominee) (for the purposes of ASX Listing Rule 10.11); and
- the issue of Director placement shares to Richard Hay (or his nominee) (for the purposes of ASX Listing Rule 10.11).

# 3 Business overview and strategy

## 3.1 Overview

Following completion of the Recapitalisation, the Company intends to advance the following projects:

**Dalgaranga Gold Project:** gold production and cashflow optimisation, Mineral Resource and Ore Reserve expansion will be targeted early on by drilling of key areas of known high potential zones with little previous drilling, plus exploration on surrounding tenements and mill throughput increase projects.

Glenburgh Gold Project: gold exploration in the Gascoyne region of Western Australia.

**Regional exploration:** key gold regional exploration projects in the Murchison and Gascoyne regions of Western Australia including Mt Egerton, Mumbakine Well and Beebyn.

# 3.2 Company assets

## 3.2.1 Dalgaranga Gold Project

#### 3.2.1.1 Overview

The Dalgaranga Gold Project consists of a fully established operational mine with an operational carbon-in-leach processing facility capable of 2.5Mtpa on fresh rock, a 240 man camp, a fully licenced and certified airstrip, which has been producing gold continuously since the first gold pour completed in May 2018.

The project is located 70km northwest of Mt Magnet in the Murchison District of Western Australia, northeast of Perth, approximately 650km by road.

Dalgaranga Gold Project has Mineral Resources of 29.62Mt @ 0.84 g/t Au for 801,300 ounces of gold and Ore Reserves of 16.3Mt at 0.8g/t Au for 426,300 ounces of gold.

# 3.2.1.2 Operations

Mining operations continued to focus on progressively exposing the entire +800m length of the GMZ transitional to fresh ore in the Gilbey's open pit, with supplementary ore sourced from the Golden Wings (**GWN**) open pit. Mining in GWN is scheduled to be completed during the September 2020 quarter and all mining operations will then be within the Gilbey's pit. A total of 4.8M BCM's was mined from January to June 2020 (see Key Operating Indicators below), with the Gilbey's cutback acceleration completed in February 2020 having achieved the plan to expose the GMZ over a 400m length at the southern end of the Gilbey's open pit. Importantly, the vast majority of the ore to be mined and processed in the future will be sourced from the deeper, wider, more continuous high grade GMZ transitional to fresh rock, versus the historically poorly reconciling peripheral, shallow, narrow and discontinuous depleted oxide zones.

The operational turnaround is evidenced by 7 consecutive months (January to July 2020) exceeding 6,000 ounces of gold produced, with 8 out of 9 months exceeding 6,000 ounces since November 2019. Processing plant throughput has been excellent for the 6 months ended 30 June 2020, with annualised run rates on predominantly transitional and oxide ore of circa. 2.8 – 3.0 Mtpa, exceeding nameplate design of 2.5 Mtpa. It is anticipated that annualised throughput rates will reduce towards 2.5 Mtpa as higher percentages of fresh ore are processed. Processing plant recoveries have stabilised above 90%, with operational strategies employed on a daily basis to ensure the highest

recoveries possible are maintained. To improve plant recoveries, an automated cyanide and oxygen dosing system was installed and commissioned in the March 2020 quarter, which is progressively optimising cyanide usage whilst maintaining plant recoveries.

Reconciliation between Declared Ore Mined (**DOM**) and the 2019 Localised Uniform Conditioning (**LUC**) Mineral Resource model has improved due to the increasing quantities of GMZ ore mined and processed over the 6 months, with 2 recent GMZ batch trials exceeding expectations against the 2019 LUC model. The combined outcome from these 2 batch trials was that 18% more tonnes at a 6% higher grade were achieved (vs the LUC model), yielding 25% more ounces than estimated in the LUC model. It is important however to exercise caution by not extrapolating these results across the remainder of the Mineral Resource as local geological variations may not be reflective of the entire Mineral Resource.

A program of resource definition drilling consisting of 10 Reverse Circulation holes targeting the southern GMZ down dip extensions successfully delineated wide, high grade intersections in 9 of the 10 holes.

An update to the Dalgaranga Mineral Resource and Ore Reserve estimate was completed as at 30 April 2020.

# 3.2.1.3 Key operating indicators

Continual operating performance improvement has been demonstrated over the past 18 months as shown in the table below.

| Production Summary      | Unit   | 6 months to<br>30 June<br>2020 | 6 months<br>to 31 Dec<br>2019 | 6 months to<br>30 June 2019 |
|-------------------------|--------|--------------------------------|-------------------------------|-----------------------------|
| Mining                  |        |                                |                               |                             |
| •                       |        | 4.000                          |                               | 0.045                       |
| Total material movement | kbcm   | 4,833                          | 6,239                         | 9,315                       |
| Waste                   | kbcm   | 4,037                          | 5,296                         | 8,653                       |
| Ore (volume)            | kbcm   | 796                            | 943                           | 662                         |
| Ore (tonnage)           | kt     | 1,744                          | 1,744                         | 1,239                       |
| Mined grade             | g/t Au | 0.84                           | 0.72                          | 0.77                        |
|                         |        |                                |                               |                             |
| Processing              |        |                                |                               |                             |
| Throughput              | kt     | 1,424                          | 1,498                         | 1,451                       |
| Feed grade              | g/t Au | 0.94                           | 0.78                          | 0.74                        |
| Recovery                | %      | 91.80                          | 90.01                         | 89.15                       |
| Recovered gold          | Ounces | 39,391                         | 33,671                        | 28,200                      |
| Poured fine gold        | Ounces | 39,492                         | 33,791                        | 27,743                      |
|                         |        |                                |                               |                             |
| Closing Stockpiles      |        |                                |                               |                             |
| Stockpile tonnes        | kt     | 1,215                          | 741                           | 178                         |
| Stockpile grade         | g/t Au | 0.40                           | 0.38                          | 0.46                        |
|                         |        |                                |                               |                             |

| Revenue summary              |        |        |        |        |
|------------------------------|--------|--------|--------|--------|
| Production sold              | Ounces | 39,500 | 33,348 | 29,934 |
| Average price                | A\$/oz | 2,507  | 2,154  | 1,805  |
|                              |        |        |        |        |
| Bullion on hand <sup>1</sup> | Ounces | 1,981  | 1,965  | 1,509  |
| AISC                         | A\$/oz | 1,394  | 1,788  | 1,929  |
|                              |        |        |        |        |

Note: Discrepancies in totals are a result of rounding.

## 3.2.1.4 Independent Experts Report (Technical Assessment)

Mining One Pty Ltd (**Mining One**) were engaged by the Company to prepare an Independent Experts Report (Technical Assessment) on the Dalgaranga Gold Project. As part of their engagement, Mining One reviewed pit optimisations, mine designs, mine schedules and mining cost assumptions, and also carried out a review of other key assumptions that underpin the updated Ore Reserve estimate and life of mine plan (**LOMP**). A copy of the Mining One Independent Experts Report (Technical Assessment) can be found in Section 11 of this Prospectus (**Mining One Report**).

The conclusions reached in the Mining One Report can be found in Section 1.2.1 of the report found in Section 11 of this Prospectus. Following their review of the updated LOMP and Ore Reserve estimate, Mining One found that the mining factors used in development of these plans are considered reasonable and the Ore Reserve estimate and LOMP can be reasonably relied upon.

In order to test a downside scenario of the Dalgaranga Gold Project LOMP, Mining One ran a parallel mine plan using more conservative parameters to those used in the LOMP prepared by the Company and reviewed by Mining One. The changed parameters and resulting outcomes are described in Section 3.2 of the Mining One Report in Section 11 of this Prospectus.

Mining One made 3 key recommendations for the Company to consider as part of its ongoing operational management and future updates to the LOMP and Ore Reserve estimate, and these can be found in Section 3.3 of the Mining One Report in Section 11 of this Prospectus.

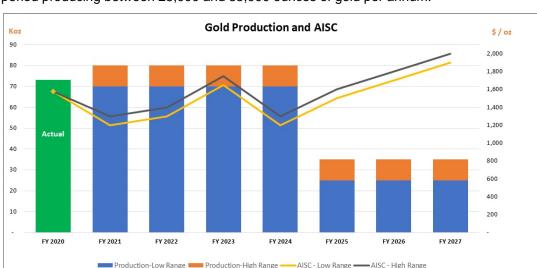
### 3.2.1.5 Life of Mine Production Outlook

On 31 July 2020, the Company released its updated Dalgaranga Gold Project production and cost outlook based on the updated Ore Reserve estimate and LOMP. The updated Ore Reserve was 16.3Mt at 0.8g/t for 426,300 ounces of contained gold (Ore Reserve as at 30 April 2020). Using the updated Ore Reserve estimate, the LOMP was updated from both a production and cost perspective.

The updated life of mine production target for the Dalgaranga Gold Project is based on mining and processing an estimated 18.5Mt at 0.8g/t for 400koz of recovered gold over a 7-year period (including May and June 2020). Note that target production ounces of gold are the result of applying metallurgical recoveries to mined grades.

The strategy for the first 4 years (FY2021 to FY2024) focuses on mining sufficient quantities of ore above a 0.5g/t cut-off grade to maintain the processing plant at full capacity, which indicates a 4 year gold production profile of between 70,000 and 80,000 ounces of gold per annum. Ore mined with grades between 0.3 and 0.5g/t will be processed when mining has ceased. Processing of the estimated remaining stockpiles

Bullion on hand at 31 December 2019 is included in the value of inventory reported in the Interim Financial Report released to the ASX on 13 March 2020.



(forecast to be approximately 7.0Mt of ore) is anticipated to be completed over a 3-year period producing between 25,000 and 35,000 ounces of gold per annum.

Figure 3-1: 7 year project life showing 4 years of mining and processing of >0.5g/t ore followed by 3 years of processing stockpiles of >0.3g/t ore and AISC ranges.

In Section 1.2.1.6 of the Mining One Report in Section 11, Mining One notes that the proposed production outlook is somewhat dependent on the planned mining production rates, but that this is partially mitigated by existing and future ore stockpiles. Mining One also note that additional mining equipment may need to be mobilised should excavator mining rates not be achieved.

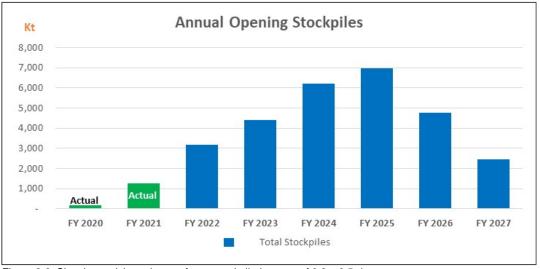


Figure 3-2: Showing anticipated start of year stockpiled tonnes of 0.3-0.5 g/t ore

Processing throughput rates used in the production outlook are in line with operational experience over 24 months but do not exceed name plate annual throughput of 2.5Mtpa on fresh ore. Figure 3-3 below shows the anticipated annual processed tonnes and head grade. Where greater than 2.5Mt is expected in any one year, this is due to variable quantities of oxide and transitional ore processed, which based on operational experience show higher throughput rates than the name plate 2.5Mtpa. Processing metallurgical

recoveries are in line with operating experience over the prior 24 months and also in line with the 2016 Feasibility Study.

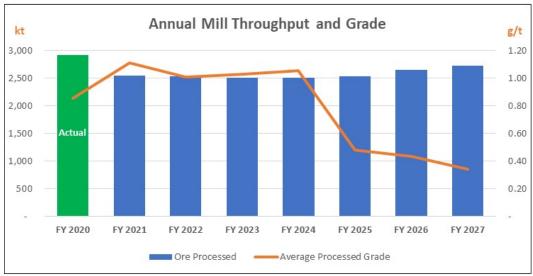


Figure 3-3: Anticipated annual processed tonnages and average processed grade

The project life ultimate pit design was guided by pit optimisation shells completed on the Measured, Indicated and Inferred material contained within the 2020 Mineral Resource estimate model (refer to ASX release made on 10 June 2020). A gold price of A\$2,100 per ounce was used in the pit optimisation.

The production target is underpinned by all Proved and Probable category Ore Reserves (16.3Mt at 0.8g/t for 426.3koz of contained gold) representing 88.2% of the production target, with the balance of the production target being underpinned by an additional 2.1Mt (11.8%) of Indicated and Inferred category Mineral Resources located within the ultimate pit design. This 2.1Mt consists of 0.7Mt (3.7% of the production target) of Indicated category Mineral Resources and 1.4Mt (8.1% of the production target) of Inferred category Mineral Resources located within the final pit design. There is no exploration target external to the open pit mine designs included in this project production target.

The Mineral Resources and Ore Reserves underpinning the production target have been prepared by a competent person in accordance with the JORC Code 2012.

Although the 1.4Mt Inferred category Mineral Resources material (8.1% of the production target) included in the production target is located entirely within the final pit design, it is important to note that there is a *lower level of geological confidence associated with Inferred Mineral Resources* and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target based on the Inferred component will be realised.

The AISC per ounce is expected to peak in FY2023 (Figure 3-1) during the four years of mining (FY2021 to FY2024), when the pit becomes ore bound (4.8Mtpa of ore mined) and the strip ratio decreases significantly to 2.6. The AISC per ounce is expected to peak again in FY2027 primarily due to lower ounces produced when processing lower grade stockpiles, however it is important to note that there is no sustaining capital anticipated in that year.

Key project operating physicals and AISC cost per ounce ranges are contained in Table 1 below with average unit costs for the seven years FY2021 to FY2027 outlined in Table 2

below. All cost assumptions are based on 24 months of operational information and the 2016 Feasibility Study where appropriate.

| Metric        | Unit     | FY2020  | FY2021        | FY2022        | FY2023        | FY2024        | FY2025        | FY2026        | FY2027        | Average       |
|---------------|----------|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ore Mined     | Mtpa     | 3.5     | 4.5           | 4.1           | 4.8           | 3.4           | -             |               | -             | 2.4           |
| Ore Processed | Mtpa     | 2.9     | 2.5           | 2.5           | 2.5           | 2.5           | 2.5           | 2.7           | 2.7           | 2.6           |
| Strip Ratio   | W:O      | 5.4     | 6.3           | 3.5           | 2.6           | 0.9           | -             | -             | -             | 3.5           |
| Milled Grade  | g / t Au | 0.9     | 1.0 - 1.1     | 1.0 - 1.1     | 1.0 - 1.1     | 1.0 - 1.1     | 0.4 - 0.5     | 0.4 - 0.5     | 0.3 - 0.4     | 0.8           |
| Recoveries    | %        | 91.0    | 90.1          | 88.8          | 87.0          | 85.6          | 82.2          | 81.4          | 87.2          | 86.0          |
| Production    | Koz      | 70 - 80 | 70 - 80       | 70 - 80       | 70 - 80       | 70 - 80       | 25 - 35       | 25 - 35       | 25 - 35       | 55-60         |
| AISC          | A\$/oz   | 1,576   | 1,200 - 1,300 | 1,300 – 1,400 | 1,650 - 1,750 | 1,200 – 1,300 | 1,500 – 1,600 | 1,700 – 1,800 | 1,900 – 2,000 | 1,400 - 1,500 |

Table 1: Project physicals and AISC cost per ounce estimates

| FY2021 - FY2027 |                 |         |  |  |
|-----------------|-----------------|---------|--|--|
| Open Pit        | \$/tonne mined  | \$4.33  |  |  |
| Processing      | \$/tonne milled | \$13.85 |  |  |
| G&A             | \$/tonne milled | \$2.61  |  |  |

Table 2: Estimated average project unit costs based on operational knowledge to date

Major capital for the project is centred primarily on mining waste, with the majority of expenditure expected in FY2021 and FY2022 (Table 3). Major capital post FY2023 is minimal reflecting projected low waste movement requirements. Sustaining capital remains low, with the only item of note being a Tailings Storage Facility (**TSF**) lift with future tailings storage anticipated to transition to in pit tailings storage in the mined out Golden Wings pit which has storage capacity that exceeds the projected 7 year requirements.

| \$Millions   | FY2020 | FY2021  | FY2022    | FY2023    | FY2024    | FY2025    | FY2026    | FY2027 |
|--------------|--------|---------|-----------|-----------|-----------|-----------|-----------|--------|
| Sustaining   | 3.3    | 3 - 4   | 0.2 - 0.3 | 0.2 - 0.3 | 0.2 - 0.3 | 0.2 - 0.3 | 0.3 - 0.4 | -      |
| Waste Mining | 43.2   | 70 - 75 | 40 - 45   | 5 - 10    | -         | -         | -         | -      |

Table 3: Estimated major capital expenditure ranges by year

When undertaking their review of the updated Ore Reserve estimate and LOMP, Mining One have expressed and disclosed certain cost metrics within the Mining One Report in Section 11 of this Prospectus in a different manner to how the Company has presented certain costs in this Section 3.2.1.5. The following describes the key differences:

- Open Pit Mining Costs In Table 2 above, the Company has expressed the mining cost on a dollars per tonne basis, whereas Mining One expressed the mining cost on a dollars per bank cubic metre basis in Section 3.1.3 of the Mining One Report.
- Processing Costs In Table 2 above, the Company has estimated a processing cost per tonne milled over the remaining life of mine of \$13.85 per tonne. In Section 3.1.2.3 of the Mining One Report, a processing cost rate of \$12.53 per tonne is referenced. The processing cost rate of \$12.53/tonne is based on the FY2020 processing costs and is used for pit design and pit optimisation purposes in order to develop the physical parameters for the LOMP. Once the physical parameters have been determined, the estimated costs to achieve the physical parameters is then built up from base principals. This is a common process in the mining industry and typically results in a difference between the instantaneous processing cost rate used for pit design purposes and the expected rate calculated in the resulting LOMP and financial model.
- General and Administration (G&A) Costs In Table 2 above, the Company has estimated a mine site G&A cost per tonne milled over the remaining life of mine of \$2.61

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per tonne. In Section 3.1.2.4 of the Mining One Report, a mine site G&A cost rate of \$4.21 per tonne is referenced. The difference is due to Mining One including royalties within the mine site G&A cost item, whereas the Company excludes royalties from the mine site G&A cost category for its internal and external reporting as royalties are separately disclosed. For the avoidance of doubt, the Company confirms that royalties are included in the AISC cost per ounce in Table 1 above.

#### 3.2.1.6 Location

The Dalgaranga Gold Project is located approximately 65km northwest of Mt Magnet in the Murchison District of Western Australia and approximately 650 kilometres by road from Perth.

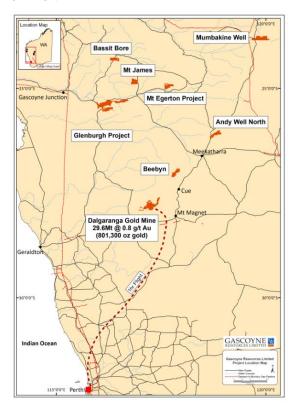


Figure 3-4 Project Location Plan - Dalgaranga Gold Project.

The main gold prospects within the Dalgaranga Gold Project area are the Gilbey's, Golden Wings, Plymouth and Sly Fox deposits (Figure 3-5).

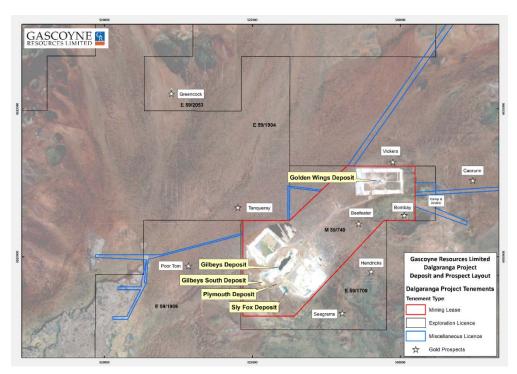


Figure 3-5 Site Plan – Dalgaranga Gold Project – showing positions of gold deposits and local tenements.

# 3.2.1.7 Mineral title status

The Dalgaranga Gold Project is situated on tenement number M59/749 (Figure 3-5). This is held by GNT Resources (a 100% wholly owned subsidiary of the Company).

# 3.2.1.8 Accessibility

The unsealed, all weather (except in extreme rain events), Dalgaranga – Mt Magnet road services the route between the Dalgaranga Gold Project site and the town of Mt Magnet to the southeast. This road is accessed from the sealed Great Northern Highway via Mt Magnet. In addition, a fully licenced unsealed airstrip located adjacent to the camp is the primary servicing airport.

#### 3.2.1.9 Climate

Mt Magnet Airport is the nearest official meteorological station.

The climate of the region is arid with mean annual rainfall of 256.9 mm and around 80% of the rainfall occurs between December and July. The rain falls, more than 1mm, on average 35.5 days per year.

Mean annual maximum temperature is 28.5°C and mean annual minimum 15.1°C. Daily maxima above 30°C are common from October to March.

#### 3.2.1.10 Ore Reserves

## Dalgaranga Ore Reserve as at 30 April 2020

|                |                 | Cut-off<br>grade | Tonnes | Gold grade | Contained gold |
|----------------|-----------------|------------------|--------|------------|----------------|
| Classification | Oxidation state | g/t Au           | Mt     | g/t        | koz            |
| Proved         | Oxide           | 0.30             |        |            |                |
|                | Transition      | 0.30             | 0.9    | 0.7        | 19.9           |
|                | Fresh           | 0.30             | 0.5    | 0.7        | 11.3           |
|                | Stockpiles      | 0.30             | 1.1    | 0.4        | 12.9           |
|                | Gold in circuit |                  |        |            | 1.7            |
|                | Subtotal        |                  | 2.4    | 0.6        | 45.8           |
| Probable       | Oxide           | 0.30             | 0.1    | 1.0        | 2.5            |
|                | Transition      | 0.30             | 0.8    | 0.8        | 19.8           |
|                | Fresh           | 0.30             | 13.1   | 0.9        | 358.3          |
|                | Subtotal        |                  | 13.9   | 0.9        | 380.6          |
| -              | Total           |                  | 16.3   | 0.8        | 426.3          |

Note: Discrepancies in totals are a result of rounding.

The Company confirms that it is not aware of any new information or data that materially affects the information contained in the ASX announcement titled "Updated Life of Mine Production Target and Ore Reserve" dated 31 July 2020 and further confirms that all material assumptions and technical parameters underpinning the Ore Reserve estimates in that announcement continue to apply and have not materiality changed.

#### 3.2.1.11 Mineral Resources

**Table 4: Dalgaranga Gold Project** 

# 30 April 2020 Summary Mineral Resource Statement

| Classification       | Mt    | Au g/t | Au koz |
|----------------------|-------|--------|--------|
| Measured             | 1.65  | 0.75   | 39.7   |
| Indicated            | 21.22 | 0.86   | 588.6  |
| Measured + Indicated | 22.87 | 0.85   | 628.3  |
| Inferred             | 6.76  | 0.80   | 173.1  |
| TOTAL                | 29.62 | 0.84   | 801.3  |

The Company confirms that it is not aware of any new information or data that materially affects the information contained in the ASX announcement titled "DALGARANGA GOLD MINE – UPDATED MINERAL RESOURCE" dated 10 June 2020 and further confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materiality changed.

## 3.2.1.12 Process plant

The purpose built Dalgaranga gold processing plant has a nameplate capacity of between 2.5Mtpa and 3.0Mtpa depending on the ratio of oxide versus fresh ore in the feed. It was designed primarily to treat fresh ore which forms the bulk of the Ore Reserves. The plant was constructed for a cost of approximately \$70 million and was

commissioned in May 2018 and has one of the lowest processing costs for gold processing plants in Australia with an average cost of less than \$14 per tonne milled.



Figure 3-6 – Process plant at Dalgaranga Gold Project

The simple flowsheet for the plant consists of single stage crushing followed by Semi-Autogenous Grinding, gravity separation and a Carbon-in-Leach circuit. Tailings are disposed of in a dedicated Tailings Storage Facility.

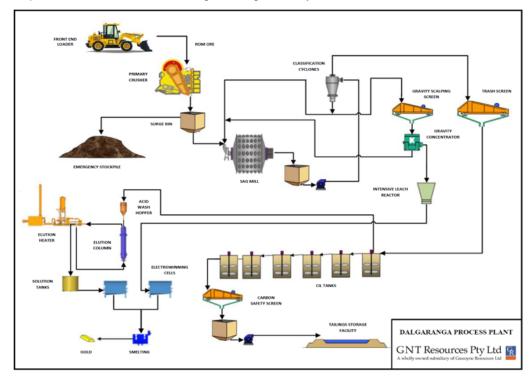


Figure 3-7 – Dalgaranga Gold Project process plant flow sheet

#### 3.2.1.13 Site Infrastructure

Installed site infrastructure includes the following:

- Accommodation village comprised of 240 rooms;
- Liquified Natural Gas-fired 15 MWh power station;
- Maintenance workshops;
- Warehouse; and
- Gravel airstrip.



Figure 3-8 - Aerial view of camp and airstrip

#### 3.2.1.14 Regional Geology

The Dalgaranga Gold Project occurs within the Dalgaranga Greenstone Belt in the Murchison Province of Western Australia (Figure 3-3). The northeast trending belt consists of high magnesium basalt, tholeiitic basalt, intermediate volcanic, felsic intrusive porphyry, and a volcano-sedimentary sequence dominated by black shale and volcaniclastic lithologies. Felsic volcanic rocks outcrop on the western side of the belt, north of the Gilbey's and Golden Wings deposits. The Greenstone sequence is intruded by large gabbro complexes in the north (Mt Farmer, Mt Charles) and to the west (Dalgaranga Hill). The stratigraphy has been folded into 2 regional synforms which plunge in opposite directions, separated by a regional fault/shear along the western side of the Mt Farmer gabbro sill, westwards to the south side of the gabbroic Dalgaranga Hill. The Dalgaranga Greenstone Belt is intruded by a number of post-tectonic granites separated by zones of amphibolite and mafic schists intruded by pegmatites. East-west trending Proterozoic dykes of dolerite and gabbro intrude the Greenstone sequences.

Geophysical interpretation of the region shows large scale northeast structures and a general fabric also oriented northeast. The fabric and structures cross cut folded stratigraphy and are synonymous with regional mineralised corridors.

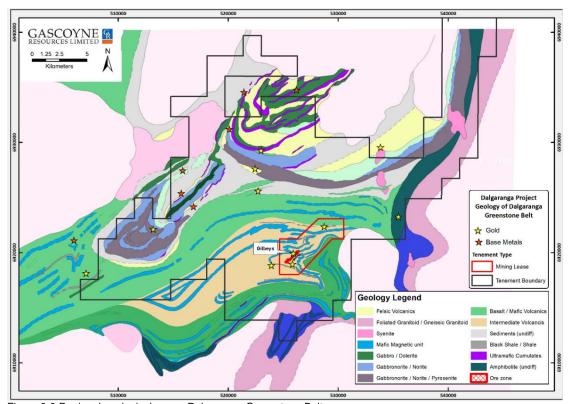


Figure 3-9 Regional geological map – Dalgaranga Greenstone Belt

## 3.2.1.15 Deposit Geology - Gilbey's

#### (A) Stratigraphy and Structure

Gold mineralisation in the Gilbey's area (Gilbey's, Sly Fox and Plymouth) is hosted within folded sequences, with the Gilbey's deposit located on the northern limb of a regional anticline, within a dextral ductile shear 100 to 200m wide. The shear zone trends northeast and dips northwest, sub-parallel to the stratigraphy which strikes between 055° to 065° NE.

The stratigraphic package from east to west is footwall dolerite/gabbro and footwall shale (Figure 3-4). To the immediate west of this are interbedded volcaniclastics, sheared shale and porphyry, that collectively are termed the Main Porphyry Zone, and which host most of the gold mineralisation at the Gilbey's deposit. The hanging wall unit is a package of high magnesium basalt, intrusive gabbro and dolerite. The Gilbey's Anticline is partially overturned with the northern limb (as described above) dipping to the northwest, with the southern/eastern limb (host to Gilbey's South and Sly Fox deposits) sub-vertical or dipping steeply north.

The main body of mineralisation in the Gilbey's deposit, the Main Porphyry Zone, varies from 20m to 110m in width (Figure 3-9). The combined thickness of the Main Porphyry Zone and parallel mineralised zones is up to 200m wide. While the thickness of shale units is highly variable along strike, they are consistently located within the mineralised Main Porphyry Zone and footwall positions. The porphyry, however, appears to lens out or plunge to the north and south.

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The footwall shale is moderately graphitic, pyritic and usually contains pyrrhotite. It varies from 10m thick in the south to over 20m thick in the north. This unit appears to form the eastern boundary to the strongest deformation, acting in a very ductile manner during the deformation.



Figure 3-10 View of the Gilbey's deposit stratigraphy, looking northeast. (1) Hangingwall contact of Main Porphyry Zone with mafic, Gilbey's Main Zone (GMZ), (2) Shale and volcanoclastic/porphyry package (3) Footwall mafic contact (striking sub-parallel to pit wall).

Figure 3-11 Cross-section interpretation of the Gilbey's deposit at local grid 4000mN, looking north east.

#### (B) Alteration and mineralisation

The style of mineralisation at the Gilbey's deposit can be described as a quartz-pyrite-carbonate veined ductile shear system. Pyrite is the most common sulphide, however pyrrhotite is also a common sulphide particularly in the mineralised black shale zones. Biotite/sericite and carbonate alteration are synonymous with mineralisation.

The major control on mineralisation at the Gilbey's deposit is structure. A major ductile shear hosts the mineralisation, with the ore grade material developing as consistently wide sub-parallel lodes in the areas of strongest shearing. This structure was folded prior to gold mineralisation by north-northwest striking (local grid) sub vertical high strain zones, which were subsequently refolded by east-west striking sub-vertical folds. A flat, late vein stage system is visible in the footwall and ore-zone; all 4 sets of quartz + sulphide veins are variably mineralised. The predominant mineralised veins are narrow, discontinuous and parallel to the shear zone, forming as ductile syn-deformational shear veins and rotated tensional veins within the overall sheared sequence and shallow dipping, short range north-northwest striking linking structures. Short strike northwest to north-northwest and east-west trending structures offset the stratigraphy, having only minor influence on the geometry of mineralisation.

In the north of the Gilbey's deposit the stratigraphy and mineralisation is sinistrally offset by a fault, with apparent offset of ~70m, or alternatively the mineralisation is dragged into a more north-south zone of shearing. The shale/porphyry host sequence continues northward.

Lesser amounts of mineralisation outside of the Main Porphyry Zone are associated with discontinuous structures in the footwall and hangingwall.

# 3.2.1.16 Deposit geology - Plymouth

The Plymouth deposit is located approximately 150m northwest of Sly Fox and south of Gilbey's. At Plymouth the higher grade mineralisation is related to a north trending and westerly dipping zone defined to date by drilling to be over 150m in length; open to the north and open down dip. Gold mineralisation occurs within quartz veined and silicapyrite-biotite altered schists. Mineralisation is most consistent at a vertical depth of ~60 to 80m. Highly oxidised / leached upper saprolite to about 30m vertical depth has inconsistent grade on most sections.

## 3.2.1.17 Deposit geology - Sly Fox

The Sly Fox deposit is located approximately 500m southeast of the Gilbey's deposit, on the eastern limb of the southerly plunging anticline, within a dextral ductile shear zone in the equivalent portion of the stratigraphy that hosts the Gilbey's Main Porphyry Zone in the northern limb. The shear zone trends to the northwest (MGA grid) and dips steeply northeast at approximately 80° cross-cutting the broadly east-west striking stratigraphy.

The Sly Fox deposit occurs within a shear zone that trends northwest for approximately 300m. Gold mineralisation is associated with silica-sericite-pyrite altered biotite-carbonate schists and black shale zones. Strong weathering/oxidation occurs up to 40m below the surface. Mineralisation dips -80° to the northeast and is highly predictable down-dip. Mineralisation is open down-dip and along strike to the northwest (Figures: 3-12,3-13).

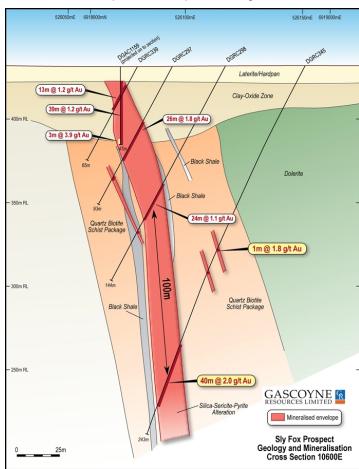


Figure 3-12 Cross-section interpretation of the Sly Fox deposit at local grid 10600mE, looking westwards.

Figure 3-13 Schematic Long-section of Sly Fox and Plymouth deposits, looking northeast highlighting drill targets.

# 3.2.1.18 Exploration

Gascoyne's Dalgaranga Gold Project comprises ~90% of the Dalgaranga greenstone belt. Exploration to date by the Company has been predominantly focussed on the central mining lease area (M59/749). The Dalgaranga greenstone belt is a zoned belt, the southern portion of the Dalgaranga Belt is gold dominated, while the layered mafic intrusives and felsic volcanics in the northern domain are also prospective for VHMS base metals and pegmatite related mineralisation in addition to gold.

Regional exploration close to Dalgaranga is targeting +100,000 ounce discoveries, that are ideally higher grade than Gilbey's to supplement the bulk tonnages at Gilbey's. There are numerous drill targets ready for additional testing with limited wide spaced reconnaissance drilling conducted to date.

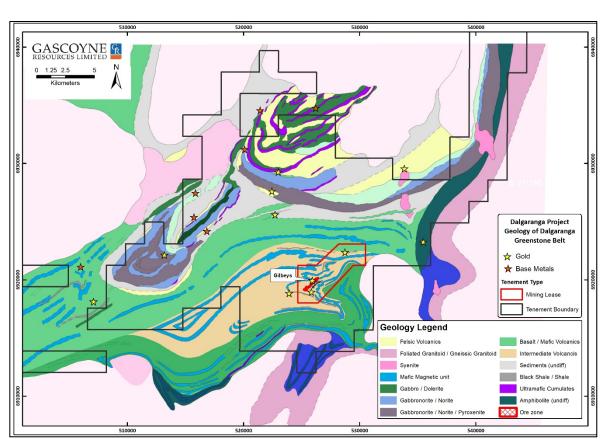


Figure 3-14: Geology and Gascoyne tenements

Growth in mine life is the key target with focus on several discoveries made to date. High priority targets (Figure 3-15) not currently in the Mineral Resource inventory or the mine plan include:

| • | Tanqueray | (8m @ 373.5 g/t Au) |
|---|-----------|---------------------|
| • | Greencock | (35m @ 1.2 g/t Au)  |
| • | Hendricks | (18m @ 3.0 g/t Au)  |
| • | Vickers   | (4m @ 1.4 g/t Au)   |
| • | Beefeater | (13m @ 0.9 g/t Au)  |
| • | Seagrams  | (27m @ 0.5 g/t Au)  |

Brief summaries of some of the prospects follow.

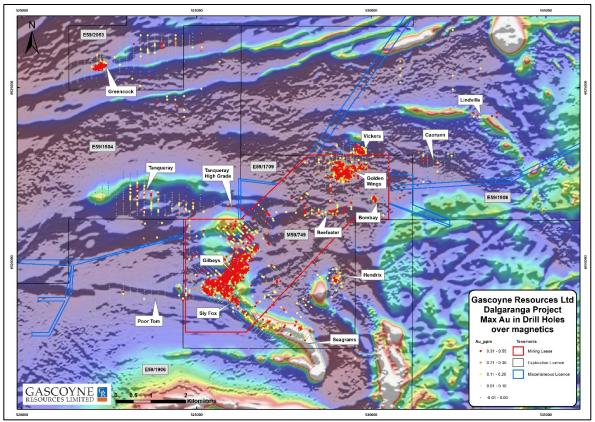


Figure 3-15: Dalgaranga Aeromagnetics showing prospect locations and anomalous drillholes

## **Tanqueray**

The Tanqueray prospect (located approximately 1.8 km north west of the Dalgaranga processing plant) comprises an aircore anomaly defined by wide spaced (200-800m lines) drilling over several kilometres, open to the west under transported sediment cover (approx. 20m depth). Mineralisation is interpreted to be related to an east-west structural zone. Anomalous drill holes include DGAC194 15m @ 0.8 g/t Au including 3m @ 2.4 g/t Au, 16m @ 0.5 g/t Au to EOH including 2m @ 2.4 g/t Au; 200m along strike DGAC226 20m @ 0.4 g/t Au including 4m @ 1.7 g/t Au. 1200m west DGAC236 12m @ 0.5 g/t including 4m @ 1.2 g/t Au (see ASX Announcement dated 19 June 2014 and titled "Discovery of New Gold Mineralised Trend at Dalgaranga").

Two RC drill holes were drilled in mid-2018 to test beneath the strongest aircore intersections at the eastern end of the Tanqueray trend (see ASX announcement dated 19 September 2018 and titled "8M @ 373.5 g/t Gold (inc 3M @ 987g/t Gold ) Intersected in Very First RC Drilling at the Tanqueray Prospect"). The shallowest RC hole (DGRC0509) intersected the highest-grade mineralisation ever seen at Dalgaranga with an intersection of 8m @ 373.5g/t gold from 53m downhole, including 3m @ 987 g/t gold (see Photo 1).

Follow up RC drilling in late 2018 was carried out on a close pattern around the discovery hole (DGRC0509) with holes on a 10x10m spacing in order to establish the orientation of mineralisation. No visible gold zones were observed, however numerous mineralised quartz veins were intersected hosted in white kaolinitic clays, close to a weathered shale contact. The encouraging oxide zone intersections indicate that deeper drill testing of this anomaly below the oxidised zone is required.

The best intersections returned come from the westerly line of RC holes drilled; results include 4m @ 1.4 g/t Au from 54m in DGRC0518 and 5m @ 1.2 g/t Au from 59m in DGRC0519 (see ASX Announcement 31 January 2019 and titled "December 2018 Quarterly Activities and Cash Flow Report").

The high grades intersected in DGRC0509 are interpreted to be related to a pod of supergene gold enriched quartz veins close to a shale contact.

The Tanqueray anomaly remains significantly under explored. Anomalous gold results have been intersected over several kilometres and the prospective trend needs to be systematically assessed with closer spaced and deeper drilling. Importantly, all drilling to date has been shallow, only testing the oxidised zone.

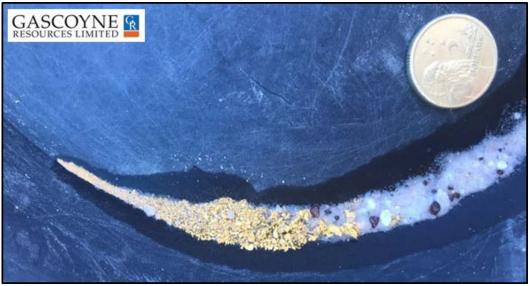


Photo 1: Visible Gold Panned from Tanqueray High Grade Gold Zone (source: ASX announcement dated 19 September 2018 and titled "8M @ 373.5g/t Gold (inc 3M @ 987g/t Gold ) Intersected in Very First RC Drilling at the Tanqueray Prospect")

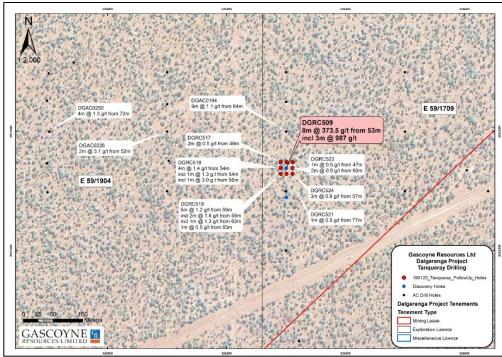


Figure 3-16: Tangueray - drillhole locations, eastern end of prospect

#### Greencock

The Greencock prospect area is located ~6km North West of Gilbey's Pit within tenements E59/1904 and E59/2053. The target is located in a package of mafic rocks adjacent to sediments along what is interpreted to be the extension of the well-known Big Bell shear zone.

In September 2018, an infill drill programme at Greencock was successful in delineating wide and good grade mineralisation in silica-sulphide altered quartz gabbros over a 250 metre strike length (see ASX announcement dated 17 September 2018 and titled "Operations and Exploration Update - Dalgaranga & Glenburgh"). Assay results have returned the following significant intersections including:

- 35m @ 1.2 g/t gold from 15m
- 31m @ 1.2 g/t gold from 18m, including 7m @ 3.0 g/t gold
- 14m @ 1.6 g/t gold from 63m
- 18m @ 1.3 g/t gold from 58m
- 4m @ 4.0 g/t gold from 14m
- 16m @ 1.7 g/t gold from 111m
- 6m @ 2.3 g/t gold from 131m

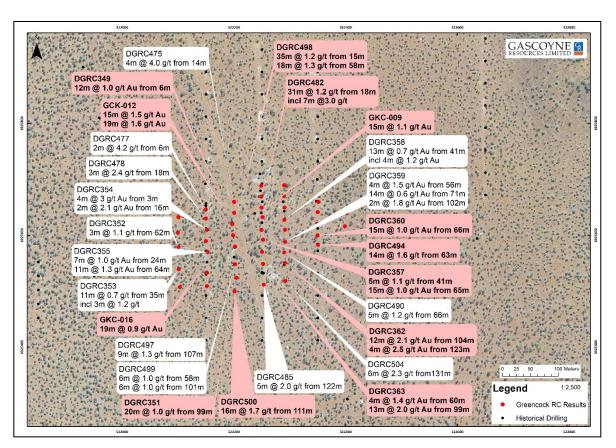


Figure 3-17: Greencock drillhole location plan

Figure 3-18: Greencock Cross Section 522200E

#### **Hendricks**

The Hendricks prospect, only 3km east of the Gilbey's deposit, is the result of follow up testing around an isolated historic shallow RAB hole which contains an anomalous gold zone of 8m @ 0.3 g/t gold located in a NE "magnetic low" trend similar to the Gilbey's shear trend and magnetic signature.

As announced to the ASX on 14 January 2016 and updated on 22 February 2016 (see ASX announcement dated 14 January 2016 and titled "New Gold Discovery at Dalgaranga – Significant Drill Intersections from the Hendricks Prospect" and ASX announcement dated 22 February 2016 "High Grades In Resampling Confirms Hendricks Gold Discovery at Dalgaranga") an initial 3 lines of aircore drilling were completed over the target, with the discovery Aircore intersection of 12m @ 2.2 g/t gold from 35m to the EOH, including 2m @ 11.3 g/t gold from drillhole DGAC303. Infill Aircore hole DGAC390 intersected 18m @ 3.0 g/t gold from 28m to the EOH, including 4m @ 8.9g/t gold from 32m approximately 20 metres west of discovery hole (see ASX announcement dated 6 April 2016 and titled "Dalgaranga Gold Project Exploration Update").

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The gold mineralisation intersected in DGAC390 is associated with saprolitic sheared and quartz veined mafic rocks (basalts) to the EOH. An anomalous lateritic gold halo or "mushroom" overlies the deeper saprolite gold intersections.

Initial follow-up RC drilling confirmed the discovery at Hendricks with intersections including 15m @ 1.5 g/t gold from 52m incl. 8m @ 2.3 g/t gold, 7m @ 1.78 g/t gold from 75m, 6m @ 1.2 g/t gold from 37m and 5m @ 1.2 g/t gold from 10m (see ASX announcements dated 9 June 2016 and titled "Positive Results From Resource Diamond Drilling At Gilbeys And First RC Results From Hendricks").

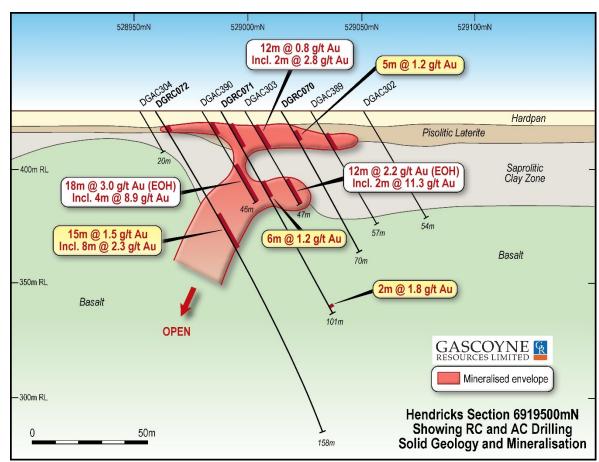


Figure 3-19: Hendricks-cross section

#### **Vickers**

The Vickers prospect is located just north of the Golden Wings deposit. At Vickers 2 small laterite pits were mined for gold by Equigold. Beneath the laterite, a number of historical drill intersections were followed up with programs of aircore drilling. Better results include DGAC0216; 41m @ 0.2 g/t gold (see ASX Announcement dated 19 June 2014 titled "Discovery of New Gold Mineralised Trend at Dalgaranga").

A later Aircore drilling program targeted untested areas west and north of the Vickers prospect. Drilling was completed on 3 north-south orientated lines with a number of anomalous gold zones intersected including DGAC0357; 4m @ 1.46 g/t and DGAC0358; 8m @ 0.67 g/t EOH (see Figure 3-20) (see ASX announcement dated 8 February 2016

and titled "Multiple New Gold Zones Discovered in Regional Exploration Drilling at Dalgaranga").

At Vickers the trend of the mineralisation is interpreted to be NW, parallel to the long axis of the >1g/t surface laterite gold anomaly. Historic RC and aircore chips are altered and sheared, with a strong lineation, suggesting the potential presence of plunging shoots below the near surface gold anomalism, as is the case at the nearby Golden Wings deposits.

There is very limited drilling between the Vickers and Tanqueray prospect areas.

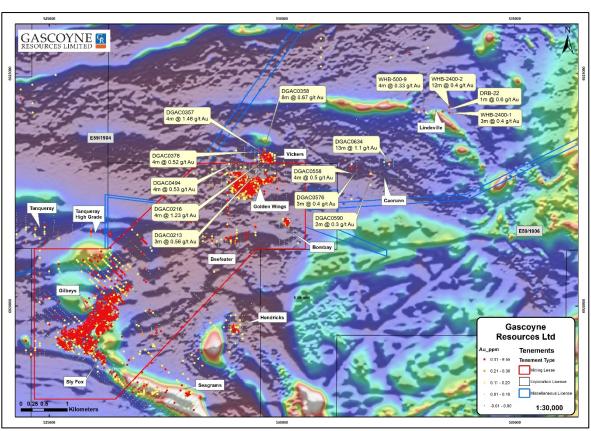


Figure 3-20: Vickers-Coarunn- Lindeville areas showing Aircore Au intersections over Aeromagnetic data

#### **Lasoda Base Metals Prospect – Northern Tenement Areas**

While Gascoyne's immediate priority is the gold prospectivity, the northern areas of the Dalgaranga tenements contain a number of base metal prospects which were the focus of explorers from 1968 to the mid 1990's using the Golden Grove volcanic massive sulphide (VMS) deposits as the exploration model. Ground and airborne electromagnetic geophysical techniques found a number of sulphide rich conductor zones, some of which have been partially drill tested, while others remain untested. High grade base metal intersections were recorded at the Lasoda prospect, which contains zinc, copper, lead and silver mineralisation; including the intersections 6.4m @ 17.5% zinc, 2.4% lead, 0.5% copper and 6m @ 7.4% zinc, 0.9 % lead, 0.4% copper and 23g/t silver (see ASX announcement dated 22 December 2017 and titled "Gascoyne Expands Footprint Of The Dalgaranga Gold Project Amended Announcement").

The northern tenement areas also contain a number of other targets, including the Gum Well prospect, where drilling identified wide zones of zinc mineralisation and a graphite deposit which was defined in the late 1960's by CRA Exploration and BHP. A number of other targets have been identified from historical data compilation including areas prospective for pegmatite hosted tin, tantalum and lithium.

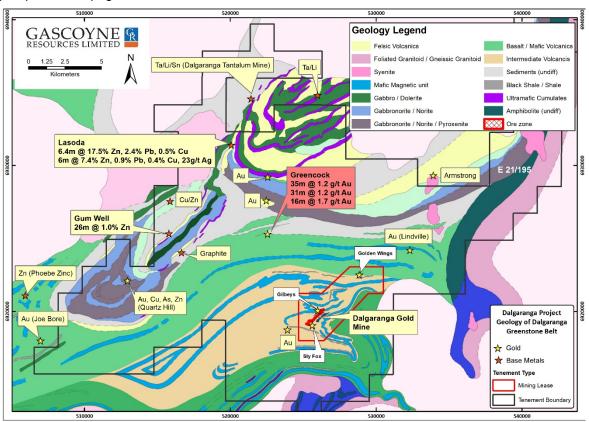


Figure 3-21: Base Metal and Other prospects in the northern domain of the Dalgaranga Greenstone Belt

## 3.2.2 Glenburgh Gold Project

## 3.2.2.1 Overview

The Glenburgh Gold Project is situated in the Southern Gascoyne Province of WA, approximately 250km East of Carnarvon. Included within the tenement holding for the Glenburgh Gold Project is 1 mining lease as well as a number of exploration licenses.

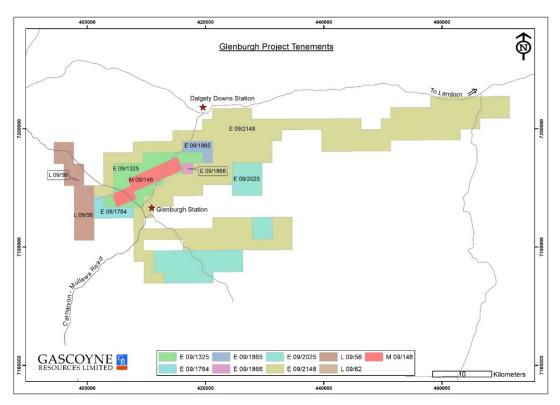


Figure 3-22: Glenburgh Gold Project Tenements

## 3.2.2.2 Project Description

Regionally the project lies in the southern Gascoyne Province adjacent to the northwest margin of the Yilgarn Craton. Geologically the province has been described as the high-grade metamorphic core zone of the Early Proterozoic Capricorn Orogen. The region comprises granitoid intrusions, gneiss domes, metamorphosed sedimentary rocks and remobilised Archaean basement gneiss.

The project overlies an east-north-east trending sequence of highly metamorphosed Lower Proterozoic rocks comprising variably quartz-feldspar-biotite-garnet-magnetite gneiss, amphibolite and pyroxene granulite. A prominent crustal scale north-east trending fault, the Deadman Fault, bisects the project area.

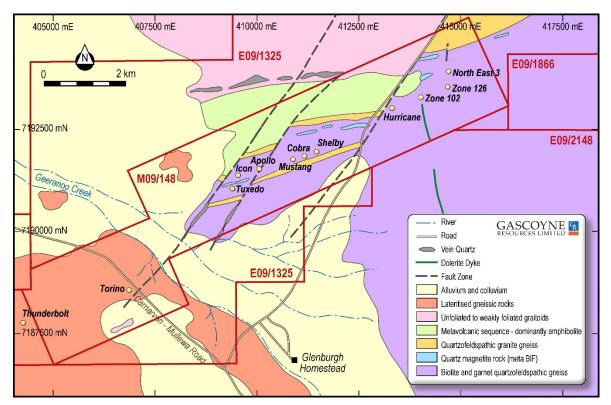


Figure 3-23: Glenburgh - Geology and deposit locations

Gold mineralisation at Glenburgh was first detected by Helix Resources in 1994 from gold anomalism in regional stream sediment sampling and subsequent soil sampling which outlined a 20km long anomalous trend. Drilling, principally by Helix, and since 2010, Gascoyne, has discovered and extended a series of gold deposits along a NE-SW fault system over 15km in length. Gold mineralisation at Glenburgh is somewhat enigmatic as a result of the high-grade metamorphic host rocks; gold occurs in quartz-feldspar-biotitegarnet gneiss with a general observation of higher grades occurring in silica "flooded" zones.

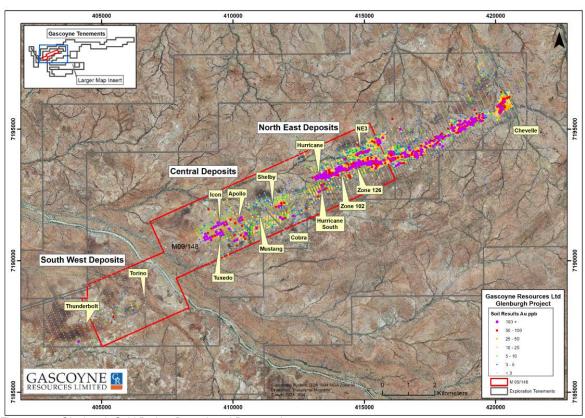


Figure 3-24: Glenburgh Gold Project Deposit and Prospect Layout

## 3.2.2.3 Glenburgh Exploration

There remains excellent potential to expand the geological knowledge base at Glenburgh as less than 30% of mineralised trends have been tested to date. During the last period of exploration drilling at Glenburgh in 2018, RC drilling between the Mustang and Shelby deposits, in an area which had not been tested by any drilling before, high grade gold zones were intersected indicating the discovery of a new gold prospect – the Cobra prospect (see ASX announcement dated 17 September 2018 and titled "Operations and Exploration Update - Dalgaranga & Glenburgh"). At the Cobra prospect, high grade mineralisation including 7m @ 7.8 g/t gold from 84m in VRC1069 (including 4m @ 12.6 g/t) and 9m @ 5.5 g/t gold from 50m in VRC1068 (including 4m @ 9.5 g/t) were intersected. This new zone of mineralisation remains open up and down dip, as well as along strike.

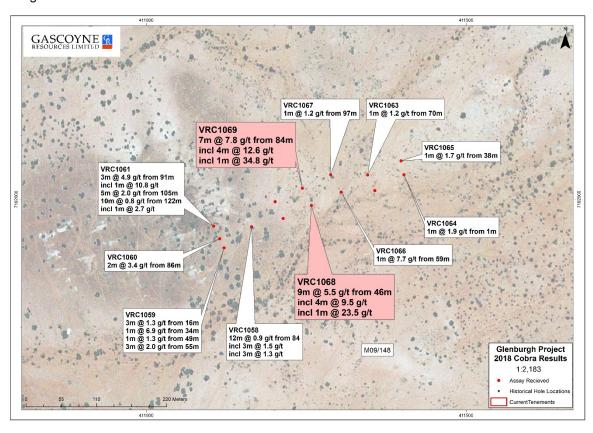


Figure 3-25: Cobra Prospect – Location of RC Drill holes and Significant Gold Intersections

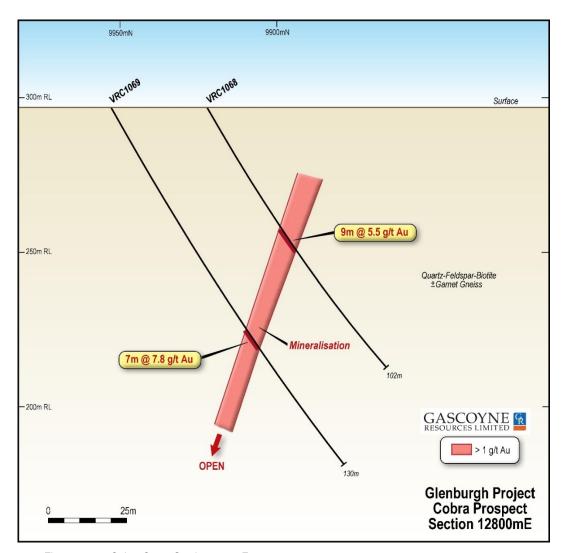


Figure 3-26: Cobra Cross Section 12800E

## 3.2.3 Mt Egerton Gold Project

#### 3.2.3.1 Overview

The Mt Egerton project consists of 2 granted mining leases and 3 exploration licences covering approximately 200km² of the Lower Proterozoic Egerton inlier in the Gascoyne Region of Western Australia.

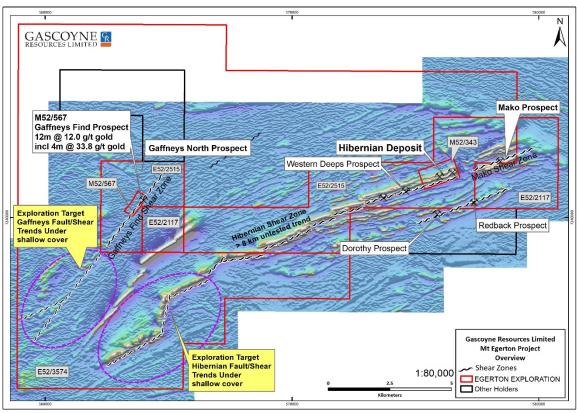


Figure 3-27: Mt Egerton Tenements and prospect locations overlain on the aeromagnetic image

The project includes the high-grade Hibernian deposit. The deposit lies on a granted mining lease M52/343 where previous drilling by a number of companies have intersected numerous high grade gold zones associated with quartz veining in shallow south-west plunging shoots. The Hibernian deposit has only been drilled to 70m below surface, there is strong potential to expand the deposit with drill testing deeper extensions to known shoots and targeting new shoot positions.

Due to the high-grade nature of the Hibernian deposit there is potential to truck ore from Mt Egerton to the Company's potential near-term development project at Glenburgh.

Twelve kilometres west of the Hibernian deposit the Gaffney's Find prospect occurs where a number of shallow historical workings lie on a north east trending shear zone extending over 4km, with drill intercepts including 12m @ 12.0 g/t gold, including 4m @ 33.8 g/t gold (see ASX announcement dated 21 July 2014 and titled "Shallow Drilling Intersects up to 33.8 g/t Gold at the Mt Egerton Gold Project"). Elsewhere within the project there are a number of prospects aligned along the 8km long poorly tested Hibernian shear including the Hibernian West and Western Deeps prospects (Figure 3-27).

**Mumbakine Well** – located adjacent to Capricorn Metals Ltd (ASX:CMM) Karlawinda project; Mumbakine Well has been subject to limited exploration. A number of historical gold prospects are known (Figure 3-28).

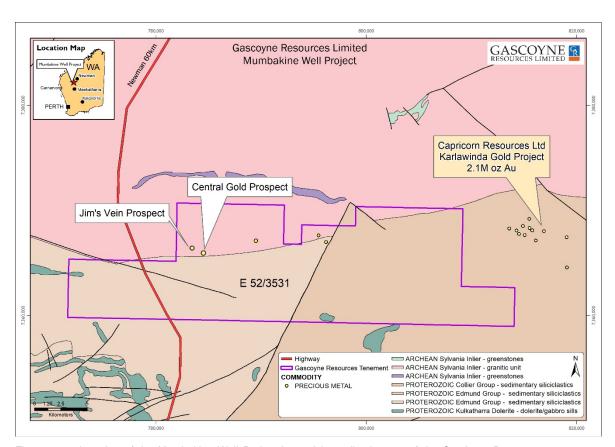


Figure 3-28: Location of the Mumbakine Well Project located immediately west of the Capricorn Resources Karlawinda gold project.

**Beebyn Project** – located 45km north of Cue; previous exploration has identified high grade iron ore and arsenic anomalies that have not been tested for gold (Figure 3-29).

Figure 3-29: Location and geology of the Beebyn Project showing the prospective Big Bell lineament transiting through the Beebyn project

# 3.2.4 Sign-Off as to general expression of geological descriptions used in this prospectus

The description of Exploration Results (including exploration drilling intersections and geological terminology used in this Prospectus) has been reviewed by Mr Julian Goldsworthy, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Goldsworthy, who is an employee of the Company. Mr Goldsworthy has sufficient experience which is relevant to the geological terminologies used and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Goldsworthy consents to the inclusion in this Prospectus of the matters based on the information in the form and context in which it appears.

# 3.3 Business strategy and plans

Within the 12 to 18 month period following completion of the Recapitalisation, the Company intends to:

- consolidate operational performance and cashflow generation at the Dalgaranga Gold Project;
- 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;
- commence drilling defined targets and reconnaissance areas on the exploration tenements surrounding the Dalgaranga Gold Project targeting the discovery of either standalone or additional ore feed to materially extend mine life;
- investigate and advance regional processing hub opportunities to add value to the Dalgaranga Gold Project;
- re-assess historic drilling data at the Glenburgh Gold Project and subject to favourable indicators, commence regional Glenburgh exploration programs and possibly progress to a pre-feasibility study; and
- conduct low impact gold target generation exploration activities on the Company's Mumbakine Well and Beebyn regional exploration projects.

At the Dalgaranga Gold Project, the Company's flagship mining operation, it is expected that approximately 400,000 ounces of gold will be produced over the remaining life of mine (less gold produced between 1 May 2020 and the date of this Prospectus). The average all-in sustaining cost over the remainder of the mine life is expected to be in a range of \$1,400 to \$1,500 per ounce produced.

The Company intends to undertake reverse circulation (**RC**) drilling on the south, north and east of Gilbey's pit with the intent to increase the Mineral Resources near the current pit. Any increase in these mineral resources would reasonably be expected to ultimately provide extensions to the current mine life.

The Company intends to undertake RC drilling under the Sly Fox Pit to determine the continuity and grade between the base of the current pit and the single hole intersection 42m @ 2.0g/t Au, some 100m below the base of the pit. Mining at the Sly Fox Pit ceased in 2019, but the aim of this drilling is to extend the resources at Sly Fox and eventually, to identify ore for processing.

The Company intends to allocate a budget of approximately \$3 million to undertake the RC drilling above plus exploration, primarily using aircore drilling, along highly

prospective geological trends extending from known mineralisation at Greencock, Hendricks, Tanqueray, Vickers, Beefeater and Seagram's.

At the Glenburgh Gold Project, the Company intends to re-assess the results of previous drilling, and subject to favourable indicators, undertake additional exploration drilling and potentially progress toward the commencement of a pre-feasibility study.

# 3.4 Dividend policy

Directors currently intend to use surplus cash to fund exploration of the Company's project portfolio and generation of new opportunities, rather than distributing these funds as dividends.

Once the Company is able to generate a substantial and sustainable level of cash flow after exploration of the Company's project portfolio and generation of new opportunities, the Directors intend to review this policy and possibly initiate a revised dividend policy.

Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company. In addition, as a condition of the Finance Facility with the Financier, the Company is unable to pay a dividend until the balance owing under the facility is under \$25 million.

# 4 Financial Information

## 4.1 Introduction

The financial information (**Financial Information**) of the Company contained in this Section 4 has been prepared by the Company.

The Financial Information comprises:

- the audited Historical Consolidated Statements of Comprehensive Income for the financial year ended 30 June 2018 (FY2018) and the financial year ended 30 June 2019 (FY2019) and the reviewed Historical Consolidated Statements of Comprehensive Income for the half years ended 31 December 2018 (HY2018) and 31 December 2019 (HY2019) of the Company (Historical Consolidated Statements of Comprehensive Income) (Sections 4.3 and 4.4);
- the audited Historical Consolidated Cash Flow Statements for the financial year ended 30 June 2018 (FY2018) and the financial year ended 30 June 2019 (FY2019) and the reviewed Historical Consolidated Cash Flow Statements of the Company for the half years ended 31 December 2018 (HY2018) and 31 December 2019 (HY2019) (Historical Consolidated Cash Flow Statements) (Section 4.5);
- the reviewed Historical Consolidated Statement of Financial Position of the Company as at 31 December 2019 (**Historical Consolidated Statement of Financial Position**) (Section 4.6); and
- the Pro Forma Consolidated Statement of Financial Position of the Company as at 31 December 2019 (**Pro Forma Consolidated Statement of Financial Position**) (Section 4.6).

The Financial Information has been reviewed by BDO Corporate Finance (WA) Pty Ltd, whose Investigating Accountant's Report is contained in Section 10. Potential investors should note the scope and limitations of the Investigating Accountant's Report.

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Company operates on a financial year ending 30 June and a half year ending 31 December.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars.

# 4.2 Basis of Preparation and Presentation of the Financial Information

#### 4.2.1 Overview

The Financial Information presented in this Section 4 has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the significant accounting policies set out in Section 4.7.

The Financial Information is presented in an abbreviated form and does not contain all the disclosures and comparative information that are usually provided in an annual report prepared in accordance with the Australian Accounting Standards and the Corporations

Act. In the Directors' view, the omitted disclosures would provide no more relevant information to a potential investor in the Company.

# 4.2.2 Preparation of Historical Financial Information

Historical Consolidated Statement(s) of Comprehensive Income have been compiled based on the following:

- Audited Historical Statement of Comprehensive Income of the Group for FY2018 and FY2019; and
- Reviewed Historical Statement of Comprehensive Income of the Company for HY2018 and HY2019.

Historical Consolidated Cash Flow Statement(s) have been compiled based on the following:

- Audited Historical Consolidated Cash Flow Statement of the Group for FY2018 and FY2019; and
- Reviewed Historical Consolidated Cash Flow Statement of the Group for HY2018 and HY2019.

The Historical Consolidated Statement of Financial Position is based on the following:

 Reviewed Historical Consolidated Statement of Financial Position of the Group as at 31 December 2019.

The Pro Forma Consolidated Statement of Financial Position is a compilation of:

- The Historical Consolidated Statement of Financial Position as at 31 December 2019.
- The Directors' best estimate assumptions with regard to selected adjustments (Pro Forma Adjustments) to reflect:
  - Capital raised as a result of the Placement, Entitlement Offer, NRW Offer, Creditors' Trust Offer and Bonus Shares;
  - Transaction costs and associated GST;
  - Settlement of pre-appointment debt secured; and
  - Settlement of pre-appointment debt unsecured.

The Pro Forma Adjustments aim to reflect the effect on the Company as if the above Pro Forma Adjustments occurred on 31 December 2019.

The FY2018 and FY2019 standalone financial statements of the Company have been audited and the HY2019 standalone financial statements of the Company have been reviewed by Grant Thornton Audit Pty Ltd who issued unqualified opinions with an emphasis of matter in relation to going concern in respect of all periods, except FY2018 where no emphasis of matter was issued.

# 4.3 Historical Consolidated Statements of Comprehensive Income

Table 1: Historical Consolidated Statements of Comprehensive Income

|  | Reviewed          | Audited         | Reviewed          | Audited         |
|--|-------------------|-----------------|-------------------|-----------------|
|  | for the half-year | for the year    | for the half-year | for the year    |
|  | ended 31 Dec 19   | ended 30 Jun 19 | ended 31 Dec 18   | ended 30 Jun 18 |
|  | \$'000            | \$'000          | \$'000            | \$'000          |
| Revenue  | 72,157            | 95,777          | 41,681            | 534             |
| Cost of sales  | (79,423)          | (119,676)       | (56,993)          |                 |
| Gross (loss)/profit                                    | (7,266)           | (23,899)        | (15,311)          | 534             |
| Other income   | 2                 | 1,168           | 619               | 1,794           |
| Impairment loss  | -                 | (33,494)        | (33,494)          |                 |
| Other expenses   | (6,963)           | (8,137)         | (4,580)           | (2,956)         |
| Operating loss   | (14,227)          | (64,362)        | (52,766)          | (629)           |
| Finance income   | 13                | 189             | 118               |                 |
| Finance costs  | (3,571)           | (38,040)        | (1,982)           | (274)           |
| Loss before tax  | (17,785)          | (102,213)       | (54,629)          | (903)           |
| Income tax benefit                                     | -                 | (4,892)         | 7,406             | 344             |
| Loss for the year                                      | (17,785)          | (107,105)       | (47,224)          | (559            |
| Total other comprehensive income                       | -                 | -               | -                 |                 |
| Total comprehensive loss for the year                  | (17,785)          | (107,105)       | (47,224)          | (559)           |
| Loss for the year attributable to:                     |                   |                 | -                 |                 |
| Owners of the Company                                  | (17,785)          | (107,105)       | (47,224)          | (559)           |
| Non-controlling interests                              | -                 | -               | -                 |                 |
|  | (17,785)          | (107,105)       | (47,224)          | (559)           |
| Total comprehensive loss for the year attributable to: |                   |                 | -                 |                 |
| Owners of the Company                                  | (17,785)          | (107,105)       | (47,224)          | (559)           |
| Non-controlling interests                              | -                 | -               | -                 |                 |
|  | (17,785)          | (107,105)       | (47,224)          | (559            |
| Loss per share   |                   |                 |                   |                 |
| Basic (cents per share)                                | (1.8)             | (18.6)          | (9.7)             | (0.1)           |
| Diluted (cents per share)                              | (1.8)             | (18.6)          | (9.7)             | (0.1)           |

# 4.4 Historical Consolidated Statements of Comprehensive Income – MD&A

Management discussion and analysis (MD&A) below relates to the Historical Consolidated Statements of Comprehensive Income. The MD&A addresses the key factors which affected the Company's operating and financial performance in the historical periods.

## 4.4.1 FY2018

During the 2018 financial year, the Company was able to push forward with construction of the Dalgaranga Gold Project, while maintaining a robust exploration programme at Dalgaranga and the Glenburgh Gold Project. The immediate priority was moving the Dalgaranga Gold Project through construction and into production as quickly and safely as possible. The commissioning of the processing plant commenced in May 2018.

GNT Resources, a wholly owned subsidiary of the Company, executed a \$60 million syndicated facility agreement (**SFA**) in late 2017 with the Original Banks to form part of the overall funding package required to develop the Dalgaranga Gold Project. The facility was fully drawn as at 30 June 2018. Finance leases were executed during the period as part of the funding package for certain items of plant and equipment.

As part of its risk management strategy with the transition towards production, GNT Resources entered into 176,500 ounces of gold forwards at an average forward price of A\$1,717 per ounce and Singapore gasoil swaps for a total of 86,431 barrels at a forward price of A\$94.51 per barrel to hedge against adverse movements in the price of diesel consumed in mining activities.

#### 4.4.2 FY2019

During the 2019 financial year, the Dalgaranga Gold Project operations focused on ramping up production in the first half of the year after commencing mining in March 2018 and commissioning the processing plant in May 2018. The second half of the financial year did not see the expected improvements in Ore Reserve model reconciliation from ore zones peripheral to the Gilbey's Main Zone (GMZ) and consequently gold production was significantly lower than anticipated.

The processing plant was deemed fully commissioned as at 30 June 2018 and operated successfully for the full 2019 financial year achieving annualised throughput rates well in excess of nameplate (2.5Mtpa) at approximately 3.3Mtpa on 100% oxide ore feed.

Gold sales revenue of \$95.8 million was generated from the sale of 48,075 ounces at an average gold price of A\$1,991, post commencement of commercial production. Total cost of goods sold inclusive of depreciation and amortisation was \$119.7 million. The increase in revenue and costs compared to the prior year reflects the commencement of commercial production, with revenues derived from mining activities and associated costs being capitalised prior to 1 July 2018.

The net consolidated loss of the Group for the financial year was \$107.1 million. The net loss includes an impairment loss of \$33.5 million, and a financial liability of \$30.3 million arising from early termination of the hedge agreement in place with the Original Banks.

## 4.4.3 HY2019

During the 6 months ended 31 December 2019 (H2 2019), gold production improved by 19% compared to the 6 months ended 30 June 2019 (H1 2019) resulting in a total of 33,671 ounces of gold produced from a total of 1.50 million tonnes of ore processed at a head grade of 0.78g/t achieving an average recovery of 90.01% the period. The improved result was driven by the processing plant achieving above nameplate throughput (2.5Mtpa), at a 1.1% improvement to average recovery.

The net consolidated loss of the Group for the half-year was \$17.8 million. During the half-year, the Group sold 33,348 ounces of gold at an average price of \$2,154 per ounce.

The Group purchased short-term put options to protect revenue arising from the majority of gold production over the period from 20 December 2019 to 31 July 2020.

## 4.4.4 HY2018

During the 6 months ended 31 December 2018, production was impacted by poor ore reserve reconciliation in the Golden Wings pit and in the upper benches of the Gilbey's Pit which resulted in reduced ore tonnes at lower grades being mined compared to that expected. The lower than planned ore impacted the ability to accumulate run of mine stocks and preferentially treat higher grade ore. As a result, a higher proportion of low-grade stockpiles were processed further reducing the average processed head grade.

The net consolidated loss included a non-cash impairment charge of \$33.5 million which was recorded against the Dalgaranga Gold Project operations cash generating unit as a result of the poor reconciliation to geological models during the half-year resulting in lower production than planned, and the impact of the revised Gilbey's Mineral Resource model.

# 4.5 Historical Consolidated Cash Flow Statements

**Table 3: Historical Consolidated Cash Flow Statements** 

|   | Reviewed<br>for the half-year<br>ended 31 Dec 19<br>\$'000 | Audited<br>for the year<br>ended 30 Jun 19<br>\$'000 | Reviewed<br>for the half-year<br>ended 31 Dec 18<br>\$'000 | Audited<br>for the year<br>ended 30 Jun 18<br>\$'000 |
|---|--|--|--|--|
| Cash flows from operating activities  |  |  |  |  |
| Receipts from customers   | 72,157   | 95,777   | 41,681   | -  |
| Payments to suppliers and employees   | (58,340)   | (85,965)   | (35,683)   | (2,907)  |
| Other revenue received  | 2  | 1,163  | 992  | 54   |
| Finance charges paid  | (146)  | (123)  | -  | (1,080)  |
| Interest received   | 13   | 189  | 115  | 324  |
| Interest paid   | (371)  | (2,754)  | (1,691)  | -  |
| Income tax refund - research and development  | -  | 264  | 231  | -  |
| Net cash flows from/(used in) operating activities  | 13,315   | 8,551  | 5,645  | (3,609)  |
| Cash flows from investing activities  Payments for exploration and evaluation  Payments for property, plant and equipment | (568)<br>(2,305)   | (2,579)<br>(5,036)                                   | (1,955)<br>(2,128)   | (3,525)  |
| Payments for mine properties  | (17,763)   | (62,752)   | (35,595)   | (92,109)   |
| Proceeds from the sale of pre-production inventories  | (,. 55)  | 4,239  | 4,239  | 2,761  |
| Transfer from/(to)security deposits   | -  | (170)  | 50   | (1)  |
| Net cash flows used in investing activities   | (20,636)   | (66,298)   | (35,388)   | (92,874)   |
| Cash flows from financing activities  |  |  |  |  |
| Proceeds from issue of shares   | -  | 48,662   | 24,184   | 21,499   |
| Share issue costs   | -  | (3,683)  | (1,451)  | (1,332)  |
| Proceeds from borrowings and lease liabilities  | -  | 10,352   | 352  | 61,109   |
| Repayment of borrowings and lease liabilities   | (13,912)   | (4,916)  | (2,761)  | (250)  |
| Payments for borrowings transactions costs  | -  | (1,084)  | -  | (1,329)  |
| Net cash flows from financing activities  | (13,912)   | 49,331   | 20,323   | 79,698   |
| Net decrease in cash and cash equivalents   | (21,233)   | (8,416)  | (9,419)  | (16,785)   |
| Effects of exchange rate changes on cash and cash equivalents   | -  | -  | 4  | 156  |
| Cash and cash equivalents at the start of the period  | 16,729   | 25,145   | 25,145   | 41,774   |
| Cash and cash equivalents at the end of the period  | (4,504)  | 16,729   | 15,730   | 25,145   |

# 4.6 Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position

## 4.6.1 Overview

Set out below are the Historical Consolidated Statement of Financial Position and the Pro Forma Consolidated Statement of Financial Position:

Table 4: Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position as at 31 December 2019

|  | Reviewed          | Proforma                | Proforma                |  |
|--|-------------------|-------------------------|-------------------------|--|
|  | for the half-year | Adjustments             | After Adjustments       |  |
|  | ended 31 Dec 19   | Related to the<br>Offer | Related to the<br>Offer |  |
|  | \$'000            | \$'000                  | \$'000                  |  |
| Assets   |                   |                         |                         |  |
| Current assets                                   |                   |                         |                         |  |
| Cash and cash equivalents                        | 92                | 30,218                  | 30,310                  |  |
| Trade and other receivables                      | 3,275             | -                       | 3,275                   |  |
| Inventories                                      | 10,447            | -                       | 10,447                  |  |
| Other financial assets                           | 633               | (633)                   | -                       |  |
| Total current assets                             | 14,447            | 29,585                  | 44,032                  |  |
| Non august sasata                                |                   |                         |                         |  |
| Non-current assets Property, plant and equipment | 170,444           |                         | 170,444                 |  |
| Exploration and evaluation                       | 29,581            | -                       | 29,581                  |  |
| Other financial assets                           | 379               | -                       | 379                     |  |
| Total non-current assets                         | 200,404           |                         | 200,404                 |  |
|  | •                 |                         |                         |  |
| Total assets Liabilities                         | 214,851           | 29,585                  | 244,436                 |  |
| Current liabilities                              |                   |                         |                         |  |
| Trade and other payables                         | 39,420            | (24,100)                | 15,320                  |  |
| Borrowings and lease liabilities                 | 73,912            |                         | 23,072                  |  |
| Provisions                                       | 2,506             | (50,840)<br>1,242       | 3,748                   |  |
| Other financial liabilities                      | 24,655            | (24,655)                | 3,740                   |  |
| Total current liabilities                        | 140,493           | (98,353)                | 42,140                  |  |
|  | 140,433           | (90,333)                | 42,140                  |  |
| Non-current liabilities                          | 40.000            | 00.054                  | 00.007                  |  |
| Borrowings and lease liabilities                 | 12,383            | 23,654                  | 36,037                  |  |
| Provisions                                       | 24,035            | 9,545                   | 33,580                  |  |
| Total non-current liabilities                    | 36,418            | 33,199                  | 69,617                  |  |
| Total liabilities                                | 176,911           | (65,154)                | 111,757                 |  |
| Net assets                                       | 37,940            | 94,739                  | 132,679                 |  |
| Equity   |                   |                         |                         |  |
| Share capital                                    | 171,931           | 92,254                  | 264,185                 |  |
| Non-controlling interests                        | 1,112             | -                       | 1,112                   |  |
| Reserves   | 871               | -                       | 871                     |  |
| Retained earnings/(Accumulated losses)           | (135,974)         | 2,485                   | (133,489)               |  |
| Total equity                                     | 37,940            | 94,739                  | 132,679                 |  |

The accompanying notes set out in Section 4.6.2 form part of the Financial Information.

## 4.6.2 Pro Forma Adjustments

## Note 1 - Capital raised

The Pro Forma Adjustment reflects the net increase in Company's share capital \$85 million based on the target subscription. If the capital raised from this Offer 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 \$7.4 million based on the capital raise of \$85 million, in relation to advisers, listing fees and other costs associated with the Offer have been offset against issued capital.

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

Repayment of bank secured debt

Funds of \$40 million from the capital raise 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 at the time of the capital raise.

- Repayment of NRW secured debt
  - (1) \$7 million of the proceeds of the Capital Raising will be applied as partial repayment of the NRW secured debt of \$32.7 million.
  - (2) \$12 million worth of New Shares from the Capital Raising have been issued to NRW, being the NRW Offer, as partial payment of the NRW secured debt of \$32.7 million.
  - (3) At a capital raise of \$85 million, the face value of \$13.7 million of the remaining debt, being \$32.7 million less the amounts in (1) and (2) above has a discounted value of \$11.0 million reflecting the payment to be paid to NRW in quarterly instalments reflected as a provision. The net impact to retained earnings is the effect of discounting the face value. Refer to Section 2.3.4 of the Prospectus for further details on the payment amount.

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

Small unsecured creditors

Funds of \$0.2 million from the Creditors' Trust established from the capital raise funds has been offset against unsecured creditors, where the 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 established from the capital raise funds 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 New Shares to the Trustees of the Creditors' Trust 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

creditors from funds contributed by GNT Resources to the Creditors' Trust Fund, 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).

## Other Employees

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

## 4.7 Notes to the Financial Information

Significant accounting policies which have been adopted in the preparation of the Financial Information are:

### Basis of preparation

The Financial Information set out in the Prospectus has been prepared in accordance with the accounting policies of the Company and the recognition and measurement principles (but not all the disclosure requirements) prescribed by the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.

## Going concern

The Financial Information has been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business.

The ability of the Group to continue as a going concern is primarily dependent upon:

 The completion of the Offers and ASX Reinstatement conditions and settlement of the DOCA, aimed at providing sufficient funding to enable the Dalgaranga Gold Project to revise its operational plan and to fully meet its financial obligations.

The Financial Information presented in the Prospectus does not include adjustments to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

## Accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events that affect the carrying amounts disclosed in these financial statements. Estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and judgements are reviewed on an ongoing basis and are based on the latest available information. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

#### Revenue

Sales revenue is recognised when:

- control of the goods has been transferred to the customer, which occurs when goods are delivered to the customer;
- the customer has the significant risks and rewards of ownership through the ability to direct the use of and obtain substantially all of the remaining benefits from the goods;
- there is no unfulfilled obligation that could affect the customer's acceptance of the goods; and
- payment is due from the customer.

The amount of revenue recognised reflects the consideration to which the Group is, or expects to be, entitled in exchange for the goods. Revenue is measured at the transaction price agreed under a sales contract.

#### Gold bullion and silver sales

Revenue from gold bullion and silver sales is recognised at the time of physical delivery on the settlement date, when control of the goods passes to the customer, satisfying the sole performance obligation to deliver gold bullion and silver. For gold bullion and silver sales, the transfer of control is generally at the point in time when gold bullion and silver is credited to the metal account of the customer on the settlement date.

#### **Income Tax**

The income tax expense or credit recognised in profit or loss for the period comprises the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax assets and liabilities are offset:

- when the Group has a legally enforceable right to offset; and
- when the tax balances are related to taxes levied by the same tax authority and the Group intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

## Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, including any adjustment to tax payable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Any research and development tax offset due to the Company, from the Australian Taxation Office, will be recognised in current income tax expense when the amount to be received is known.

#### Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences. Deferred tax liabilities are always provided for in full.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Inventory

Ore stockpiles, gold in circuit and bullion on hand are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Consumable stores are valued at weighted average cost, after appropriate provision for redundant and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Items of property, plant and equipment are initially recognised at cost at the date of acquisition when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be reliably measured. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

## Impairment of non-current assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been subject to an impairment loss, or reversal of impairment loss. If any such indication exists, the recoverable amount

of the asset is estimated in order to determine the extent, if any, of the impairment loss or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs).

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

The recoverable amount of a CGU is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). FVLCD is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal. This estimate is determined on the basis of best available market information considering specific conditions. VIU is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions prepared by management.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

At 31 December 2019, management undertook a review of the carrying amount of the non-current assets relating to the Dalgaranga Gold Project operations cash-generating unit (Dalgaranga CGU), as a result of the Group being placed into voluntary administration by the Board of Directors on 2 June 2019 and subsequently being suspended from trading on the ASX.

Key assumptions used in calculations

The table below summarises the key assumptions used in the 31 December 2019 carrying value assessments.

| Key assumption                | Unit   | 2019               |
|-------------------------------|--------|--------------------|
|                               |        |                    |
| Gold price                    | A\$/oz | 2,003              |
| Pre-tax discount rate         | %      | 15                 |
| Probable reserves             | Ounces | 501,800            |
| Production capacity per annum | Ounces | 70,000 -<br>80,000 |

## Commodity prices

Commodity prices are estimated with reference to external market forecasts and reviewed at least annually. The price applied has considered observable market data.

## Discount rate

A pre-tax discount rate of 15% was used, which equated to a post-tax rate of 10%, reflecting the time value of money, the price for bearing the uncertainty inherent in the asset and other relevant factors.

Production activity and operating and capital costs

Life of mine production activity and operating and capital cost assumptions are based on the Group's latest LOMP. Discounted cash flows include expected cost improvements and sustaining capital requirements. Estimated production is assumed to be consistent with the capacity constraint of the Dalgaranga mill considered while assuming a constant recovery rate.

#### Resources and reserves

Mineral Resource and Ore Reserve ounces were based on the Group's JORC Code compliant Mineral Resource and Ore Reserve updates announced to the market on 28 August 2019 and 3 October 2019, respectively.

### **Impact**

The impairment review conducted indicated a recoverable amount in excess of the current carrying amount of the Dalgaranga CGU and therefore no impairment loss has been recognised at 31 December 2019.

### **Exploration and evaluation**

Exploration and evaluation expenditure is expensed as incurred in profit or loss unless it is determined that probable future economic benefits will be generated as a result of the expenditures.

Exploration and evaluation expenditure is capitalised and carried forward on an area of interest basis to the extent that rights to tenure of the area of interest are current and either:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage
  which permits a reasonable assessment of the existence or otherwise of
  economically recoverable reserves, and active and significant exploration and
  evaluation activities in, or in relation to, the area of interest are continuing.

No amortisation is charged during the exploration and evaluation phase.

### Reclassification to mine properties

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties.

#### **Impairment**

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or through sale of the respective areas of interest.

Exploration and evaluation assets are tested for impairment when reclassified to mine properties under development, or whenever facts or circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use.

## **Borrowings**

Borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are derecognised when the contractual obligations are discharged, cancelled or expire. Any difference between the carrying amount of a derecognised liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### Finance leases

Finance lease liabilities, which transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Group, are initially recognised at the fair value of the underlying assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to reflect a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in profit or loss. Assets acquired under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

#### AASB 16 Leases

The Company will apply the new lease accounting standard, AASB 16 *Leases* (AASB 16), on its effective date of 1 July 2019, refer to the note on new standards adopted by the company within this document.

#### Borrowing costs

Borrowing costs, which do not meet the criteria for capitalisation, are expensed in the period in which they are incurred and reported as finance costs in profit or loss.

## **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

# Employee benefits

The provision for employee benefits relates to the Group's liabilities for annual leave and long service leave.

The current provision represents amounts for annual leave that are expected to be settled within 12 months of the end of the period in which the employees render the service and is measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave not expected to vest within 12 months after the end of the period in which the employees render the service is recognised in the non-current

provision for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds at the reporting date with terms and currencies that match the estimated future cash outflows as closely as possible.

Where the Group does not have an unconditional right to defer settlement for any annual or long service leave owed, it is classified as a current provision regardless of when the Group expects to realise the provision.

#### Rehabilitation and mine closure

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit.

A provision is recognised for the estimated cost of settling the rehabilitation and restoration obligations existing at the reporting date, discounted to present value using high quality corporate bond market yields at the reporting date, that match the timing of the estimated future cash outflows as closely as possible.

Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. The related rehabilitation asset for Dalgaranga is included in mine properties. Costs that relate to obligations arising from waste created by the production process are recognised as operating costs in the period in which they arise.

The discounted value reflects a combination of management's assessment of the nature and extent of the work required, the future cost of performing the work required, the timing of cash flows and the discount rate. Over time, the discounted value is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. This increase in the provision, being the periodic unwinding of the discount due to the passage of time, is recognised as a finance cost in profit or loss.

The provision is reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying amount of the provision. Any change in the provision is reflected as an addition to, or deduction from, the related rehabilitation asset in mine properties and amortised as appropriate.

Equity Share capital

| •   | 2019          | 9       | 2018          |        |  |
|---|---------------|---------|---------------|--------|--|
|   | No. of shares |         |               | \$'000 |  |
|   | No. of shares | ֆ ՍՍՍ   | No. of shares | \$ 000 |  |
|   |               |         |               |        |  |
| Fully paid ordinary shares                        |               |         |               |        |  |
| At 1 July   | 434,702,028   | 125,847 | 377,175,677   | 104,88 |  |
| Issue of shares <sup>1</sup>                      | 68,323,334    | 20,497  | -             |        |  |
| Share purchase plan <sup>2</sup>                  | 12,290,000    | 3,687   | -             |        |  |
| Issue of shares <sup>3</sup>                      | 77,297,304    | 3,865   | -             |        |  |
| Issue of shares <sup>4</sup>                      | 412,252,289   | 20,613  | -             |        |  |
| Issue of shares <sup>5</sup>                      | -             | -       | 56,576,351    | 21,49  |  |
| Issue of shares <sup>6</sup>                      | -             | -       | 950,000       | 39     |  |
| Share issue costs                                 | -             | (3,683) | -             | (1,331 |  |
| Deferred tax credit relating to share issue costs | -             | 1,105   | -             | 39     |  |
| At 30 June  | 1,004,864,955 | 171,931 | 434,702,028   | 125,84 |  |

- 1 Private placement at \$0.30 per share on 28 August 2018 (63,966,667 shares) and 8 October 2018 (4,356,667 shares).
- 2 Share purchase plan at \$0.30 per share on 28 September 2018.
- 3 Private placement at \$0.05 per share on 12 April 2019.
- 4 Entitlement offer at \$0.05 per share on 8 May 2019.
- 5 Private placement at \$0.38 per share on 29 November 2017 (45,994,777 shares) and 1 December 2017 (10,581,574 shares).
- 6 Share-based payment Acquisition cost of tenement at \$0.42 per share on 11 December 2017.

Fully paid ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to 1 vote, and upon a poll each share is entitled to 1 vote. Ordinary shares have no par value.

# New standards adopted by the Group

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of new and revised standards and interpretations has had no effect on the amounts reported for prior periods.

The Group applied the following standards from the initial date of application, 1 July 2018:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The Group's accounting policies have been amended as required.

There are no other new standards and interpretations in issue which are mandatory for 30 June 2019 reporting periods that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) replaces the requirements of AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) and is effective for financial periods beginning on or after 1 January 2018.

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Impact of AASB 9 on the Group

Classification and measurement of the Group's financial instruments as at 1 July 2018:

| Financial instrument             | Original<br>classification under<br>AASB 139 | Classification under<br>AASB 9    | Original carrying<br>amount under AASB<br>139<br>\$'000 | Carrying amount<br>under AASB 9<br>\$'000 |
|----------------------------------|--|-----------------------------------|---|---|
| Financial assets                 |  |                                   |   |   |
| Trade and other receivables      | Loans and receivables                        | Amortised cost                    | 5   | 5   |
| Cash and cash equivalents        | Loans and receivables                        | Amortised cost                    | 25,145  | 25,145                                    |
| Term deposits                    | Held-to-maturity                             | Amortised cost                    | 209   | 209                                       |
| Derivative financial instruments | Fair value through profit or loss            | Fair value through profit or loss | 1,793   | 1,793                                     |
| Financial liabilities            |  |                                   |   |   |
| Trade and other payables         | Amortised cost                               | Amortised cost                    | (32,848)  | (32,848)                                  |
| Borrowings                       | Amortised cost                               | Amortised cost                    | (72,438)  | (72,438)                                  |

# Impairment of financial assets

The incurred credit loss model under AASB 139 has been replaced by a forward-looking expected credit loss model under AASB 9, where anticipated rather than impending credit losses will be recognised, resulting in the likely earlier recognition of impairment. This does not significantly impact the measurement of the Group's trade receivables given the Group sells exclusively to large international financial institutions and other organisations with strong credit ratings, the historically low risk of customer default and the short-term nature of the Group's trade receivables.

#### Hedge accounting

AASB 9 introduces a more principles-based approach to hedge accounting, providing the ability to hedge risk exposures which were not able to be hedged previously, aligning hedge accounting more closely with common risk management practices. The Group did not designate commodity swap contracts in existence as at 1 July 2018 as hedges for accounting purposes as they were part of an open hedge book portfolio.

#### AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers (AASB 15) replaces the requirements of AASB 118 Revenue, AASB 111 Construction contracts and related interpretations and is effective for financial periods beginning on or after 1 January 2018.

AASB 15 establishes a new revenue recognition framework for determining how much revenue is to be recognised and when, requiring entities to recognise revenue arising from contracts with customers when control of the goods or services transfers to the customer. Control of goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services.

In determining revenue recognition, a contract-based five-step analysis of transactions is to be applied before revenue can be recognised: identify contracts with customers, identify the separate performance obligations, determine the transaction price of the contract, allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied, either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to customers.

#### Impact of AASB 15 on the Group

Revenue is currently recognised by the Group at the point of physical delivery, which is also when title passes to the customer, therefore there is no change in the timing of revenue recognition on the settlement date.

The new recognition requirements for variable consideration arising from provisional pricing in relation to non-market related factors such as final assay results are not currently applicable to the Group.

## AASB 16 Leases

The Group applied AASB 16 from the initial date of application, 1 July 2019. AASB 16 replaces AASB 117 *Leases* (AASB 117) and related interpretations, and is effective for financial periods beginning on or after 1 January 2019.

Transition approach on adoption of AASB 16

The Group adopted AASB 16 on the date of initial application, 1 July 2019, applying the modified retrospective approach permitted by the standard. Under this approach, comparative information is not restated and any cumulative effect of initially applying AASB 16 is recognised as an adjustment to the opening balance of retained earnings on 1 July 2019. The comparative information continues to be reported under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4).

Recognition of ROU assets and lease liabilities on the date of initial application

On adoption of AASB 16 on 1 July 2019, ROU assets of \$5.8 million were recognised in property, plant and equipment and lease liabilities of \$5.8 million were recognised in borrowings, with no cumulative effect recognised in accumulated losses.

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using asset and company-specific incremental borrowing rates at the date of initial application, 1 July 2019. The weighted average incremental borrowing rate applied was 5.53%.

The related ROU assets recognised were measured at an amount equal to the related lease liability recognised on 1 July 2019.

For leases previously classified as finance leases, the carrying amounts of the lease assets and lease liabilities immediately before transition on 30 June 2019, as measured

under AASB 117, were carried forward as the carrying amounts of the ROU asset and lease liability at the date of initial application, 1 July 2019. The measurement principles of AASB 16 are applied to these leases from the date of initial application.

The reconciliation of the lease liabilities recognised on initial application of AASB 16 at 1 July 2019 to the total operating lease commitments recognised under AASB 117 as disclosed on 30 June 2019 is summarised below:

|  | \$'000 |
|--|--------|
|  |        |
| Operating lease commitments disclosed as at 30 June 2019                                       | 5,919  |
| Less: Components excluded from lease liability <sup>1</sup>                                    | (139)  |
| Add: Extension options reasonably certain to be exercised                                      | 946    |
| Operating lease liabilities before discounting   | 6,726  |
| Impact of discounting future lease cash flows at the incremental borrowing rate at 1 July 2019 | (962)  |
| Additional lease liabilities recognised on adoption of AASB 16                                 | 5,764  |
| Finance lease liabilities recognised as at 30 June 2019  | 11,714 |
| Total lease liabilities recognised under AASB 16 at 1 July 2019                                | 17,478 |
| Of which:  |        |
| Current  | 3,393  |
| Non-current  | 14,085 |
|  | 17,478 |

<sup>&</sup>lt;sup>1</sup> Including non-lease components.

Impact of adoption of AASB 16

The nature and timing of lease-related expenses change under AASB 16, as operating lease expenses, typically accounted for on a straight-line basis over the lease term, are replaced by the depreciation expense for ROU assets and the interest expense on lease liabilities.

Cash flows from operating activities increase as the principal portion of the lease liability will move from operating cash flows to financing cash flows, with the net increase/decrease in cash and cash equivalents remaining unchanged.

Summary of the additional amounts recognised during the half-year following adoption of AASB 16:

|   | \$'000 |
|---|--------|
|   |        |
| Consolidated statement of financial position                  |        |
| Lease liabilities initially recognised on 1 July 2019         | 5,764  |
| Additional lease principal repayments during the half-year    | (504)  |
| Additional lease liabilities at 31 December 2019              | 5,260  |
| ROU assets initially recognised on 1 July 2019                | 5,764  |
| Additional depreciation and amortisation during the half-year | (659)  |
| Net book value of additional ROU assets at 31 December 2019   | 5,105  |
| Consolidated statement of comprehensive income                |        |
| Additional lease interest expense during the half-year        | (129)  |
| Additional depreciation and amortisation during the half-year | (659)  |
| Operating lease payments replaced                             | 633    |
| Impact on loss before tax                                     | (155)  |
| Impact on income tax  | 47     |
| Impact on loss after tax                                      | (108)  |

## 5.1 Introduction

The business, assets and operations of the Company, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of the Company.

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

# 5.2 Company specific

## 5.2.1 Reinstatement to ASX

As at the date of this Prospectus the Company is suspended from ASX's Official List. The Company is seeking reinstatement to quotation on ASX's Official List, which is subject to ASX's discretion, and this Prospectus has partly been prepared for that purpose.

There is a risk that the Company may not be able to meet the requirements of ASX for requotation of its Shares on ASX (including if the Habrok proceedings, further details of which are set out in Section 12.9, are not resolved in favour of the Group). Should this occur the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Refer to Section 2.7 for further information in relation to the ASX Reinstatement Conditions and Section 5.3.4 for further information in relation to the risks in relation to the Habrok proceedings.

### 5.2.2 DOCA effectuation

The Company is currently subject to the DOCA, which requires, among other things, that certain DOCA conditions outlined in Section 2.3.5 be satisfied in order for the DOCA to be wholly effectuated, including raising the Minimum Subscription under the Entitlement Offer. The DOCA conditions may not be satisfied if the Habrok proceedings, further details of which are set out in Section 12.9, are not resolved in favour of the Group. While every endeavour will be made to satisfy the DOCA conditions, there is a risk that if the DOCA conditions are not satisfied the Company may remain subject to deed of company arrangement or proceed to liquidation. As described in Section 7.15, all Application Monies will be returned (without interest) if the New Shares are not issued and the Entitlement Offer does not proceed.

# 5.2.3 Drawdown of new Finance Facility

The ability for the Company to draw down on the new Finance Facility is subject to a number of conditions precedent, the majority of which are customary for a debt facility of this nature. Non-customary conditions precedent include the Company raising at least

\$50 million in aggregate from the Placement and Entitlement Offer, receipt of conditional approval from the ASX for the shares of the Company to re-commence trading on the ASX platform and evidence that all conditions precedent to effectuate the DOCA have been, or are capable of being, satisfied.

Unless waived by the Financier, the inability to meet the customary and non-customary conditions precedent will mean that the Company will be unable to draw down on the new debt facility. If the Company is unable to draw down proceeds under the new debt facility, there would be material uncertainty that the Company could complete the Recapitalisation and thereby effectuate the DOCA.

## 5.2.4 Liquidity and price risks

As the Company's Shares have been and are currently suspended from Official Quotation, there is currently no public market for the Company's Shares. The price of its Shares sought to be reinstated to ASX quotation is subject to uncertainty and there can be no assurance that an active market for the Company's Shares proposed to be reinstated to ASX quotation will develop or continue after the completion of the Offers.

The price at which the Company's Shares trade on ASX after the proposed reinstatement to quotation by ASX may be higher or lower than the prices paid under the Offers and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in product material prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

## 5.2.5 Commodity prices

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD denominated gold price, and the AUD denominated gold price as a result of fluctuations in the AUD / USD exchange rate.

These prices can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of the Company. These factors include world demand for precious and other metals, forward selling by producers, and production cost levels in major metal-producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. These factors can affect the value of the Company's assets and the supply and demand characteristics of gold, and may have an adverse effect on the viability of the Company's production, exploration, development activities, its ability to fund those activities and the value of its assets.

Ongoing future production from the Company's mining operations will be dependent upon the AUD gold price being sufficient to make these operations economic. The risks associated with commodity price volatility may be minimised by any hedging the Company undertakes.

#### 5.2.6 Compliance with Finance Facility terms

The Company has debt owing to the Original Banks with an approximate value of \$80 million, and these 2 parties have the senior secured position over certain assets of the Company. As at the date of this Prospectus, the Company is not in compliance with the terms of this debt facility. Additionally, the Company also owes approximately \$32 million to NRW, which has the second ranking security over certain assets of the Company.

The Placement, Entitlement Offer and Finance Facility are intended to settle in full the debt owed to the Original Banks and partly settle the amounts owing to NRW. The

Under the terms of the Finance Facility, the Company is subject to certain undertakings and financial covenants. The ability to comply with the new debt facility undertakings and financial covenants will be dependent on a number of factors including, but not limited to, adverse movements in interest rates, the price received for gold sold by the Company, the rate of gold production, the cost of production and the Company's financial performance. While the Company anticipates that it can comply with the undertakings and financial covenants, there can be no guarantee that it will be able to do so. If there is a breach of such undertakings and financial undertakings, the Company may be required to repay the loans. Breaches of certain financial undertakings may also restrict the Company from making distributions to its shareholders.

#### 5.2.7 Ore Reserve and Mineral Resource estimate

Ore Reserve and Mineral Resource estimates are prepared in accordance with the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As the Company obtains new information through additional drilling and analysis, Ore Reserve and Mineral Resource estimates are likely to change. This may result in alterations to the Company's exploration, development and production plans which may, in turn, positively or negatively affect the Company's operations and financial position.

In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Commodity price fluctuations, as well as production costs or reduced throughput and/or recovery rates, may materially affect the estimates.

## 5.2.8 Ore Reserve and Mineral Resource reconciliation performance

Monthly reconciliation of Declared Ore Mined (**DOM**) to the Ore Reserve estimates have been carried out at the Dalgaranga Gold Project since the Company commenced mining activities in 2018. Reconciliation of DOM to Localised Uniform Conditioning (**LUC**) models from 2019 and 2020 has improved significantly as compared to the 2017 and 2018 models, however, even during the 2020 calendar year, there have been negative monthly variances.

A batch trial of ore from the Gilbey's Main Zone showed a positive reconciliation to the 2019 LUC model (refer ASX announcement on 21 May 2020), however, it is important to note that the positive reconciliation was achieved from ore sourced from the southern end of the Gilbey's pit. The outcomes from this batch trial should not be universally applied across the entirety of the ore body as geological models are estimates and future DOM reconciliation to LUC models will likely vary, both positively and negatively, over the remainder of the mine life.

Modifying factors such as dilution and ore loss, are applied when converting Mineral Resources to Ore Reserves as a method to account for variations in reconciliation over time, however accuracy of such modifying factors is subject to a high number of variable inputs to the estimate. As a result, there is a risk that not all of the total gold estimated in the Ore Reserve will be recovered.

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the *Mining Act 1978* (WA) and the Company has an obligation to meet conditions that apply to the Company's tenements, including the payment of rent and prescribed annual expenditure commitments. The tenements held by the Company are subject to annual review and periodic renewal.

There are no guarantees that the Company's tenements that are subject to renewal will be renewed or that any applications for exemption from minimum expenditure conditions will be granted, each of which would adversely affect the standing of a tenement. A number of the tenements may be subject to additional conditions, penalties, objections or forfeiture applications in the future. Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. Any of these events could have a materially adverse effect on the Company's prospects and the value of its assets.

#### 5.2.10 Grant of future authorisations to explore and mine

The Company currently holds all material authorisations required to undertake its mining operations and exploration programs. However, many of the mineral rights and interests held by the Company are subject to the need for ongoing or new government approvals, licences and permits as the scope of the Company's operations change. The granting and renewal of such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable government agencies or officials.

If the Company pursues development of an economically viable mineral deposit, it will, among other things, require various approvals, permits and licences before it will be able to mine the deposit, and need to satisfy certain environmental approval processes. There is no guarantee that that Company will be able to obtain, or obtain in a timely fashion, all required approvals, licences or permits or satisfy all environmental approval processes. To the extent that required authorisations are not obtained or are delayed, the Company's operations may be significantly impacted.

#### 5.2.11 Exploration and development

The Company intends to continue with exploration and development programs on the Company's tenements. In the event that the planned drilling programs produce poorer than expected results, the value of the Company's assets and the viability of the Company's future operations may be significantly diminished.

The Company's tenements are at various stages of exploration and development, and potential investors should understand that mineral exploration and development are high risk enterprises that only occasionally provide high rewards. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the inherent risk associated with exploring prospective tenements.

There can be no assurance that exploration of the Company's tenements (or any other tenements that may be acquired in the future), will result in the development of an economically viable deposit of gold or other minerals. In addition to the high average costs of discovery of an economic deposit, factors such as demand for commodities, fluctuating gold prices and exchange rates, limitations on activities due to weather, difficulties encountered with geological structures and technical issues, labour disruptions, problems obtaining project finance, share price movements that affect access to new capital, counterparty risks on contacts, proximity to infrastructure (given the size of the area covered by the tenements), changing government regulation (including with regard to taxes, royalties, the export of minerals, employment and environmental

protection), native title issues and equipment shortages can all affect the ability of a company to profit from any future development opportunity.

If a viable mineral deposit(s) is to be developed, the Company will need to apply for a range of environmental and development authorisations which may or may not be granted on satisfactory terms. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably mined.

The discovery of mineral deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable mineral deposit(s) is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant new infrastructure.

### 5.2.12 Native title and cultural heritage

The effect of the present laws in respect of native title that apply in Australia is that the Company's tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise the resources on the Company's tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation arrangements reached in settling native title claims lodged over any of the tenements held or acquired by the Company.

The presence of Aboriginal sacred sites and cultural heritage artefacts on the Company's tenements is protected by State and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and Court injunctions, which may adversely impact on exploration and mining activities. The Company will conduct surveys before conducting exploration work which could disturb the surface of the land. The Company's tenements currently contain, and may contain additional, sites of cultural significance which will need to be avoided during field programs and any resulting mining operations. The existence of such sites may limit or preclude future exploration or mining activities on those sites and delays and expenses may be experienced in obtaining clearances.

## 5.2.13 Mining Risks

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. Each ore body is unique. The nature of mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire ore body. The Company's operations have previously experienced reconciliation to Ore Reserve and Mineral Resource models significantly below expectations which has impacted the ore tonnes available for milling, the milled grades and resultant recovered ounces.

Whilst over the past 6 to 12 months the Company has allocated internal and external resources to improve reconciliation to Ore Reserves and Mineral Resources, and has recently achieved improved levels of reconciliation between actual ore mined and Ore Reserve and Mineral Resource models. There is no guarantee that recently achieved levels of improvement can be maintained over the remaining life of mine. Failure to maintain the recent levels of improved reconciliation to Ore Reserves and Mineral Resources could result in lower returns from the Company's operations than expected or

Projected rates of gold production are, in part dependent upon progression of mining in accordance with plans and mining equipment productivity. Should mining productivity rates be less than estimated by the Company, there is a risk that the rate of gold production over a given time period will be lower than projected by the Company. This would have the impact of extending the remaining life of mine time period and would likely cause an increase in projected expenditure. While the Company may be able to mitigate some or all of the effects or lower than projected rates of mining productivity through the mobilisation of additional mining equipment, there remains a risk that it is unable to do so or that the additional cost incurred to mobilise additional mining equipment adversely impacts the profitability of the Company.

#### 5.2.14 Process Plant Performance

Rates of gold production are impacted by a number of factors including the grade of ore delivered to the process plant and the percentage of gold recovered from ore processed in the plant. The Company has based its production plans and financial forecasts on ore grades determined from its Mineral Resource and Ore Reserve models, and rates of gold recovery that are generally consistent with gold recovery rates recently achieved.

While the Company has a reasonable basis for the estimated rate of gold recovery that it uses for its planning and financial forecasting purposes, there can be no guarantee that these rates will be achieved by the process plant. Failure to achieve estimated rates of gold recovery in the process plant could result in lower returns from the Company's operations than expected or could result in the Company's operations not being economically viable. This could impact the Company's financial performance and position.

### 5.2.15 Operational risk

The Company's mining, exploration and development activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of labour, consumables, spare parts, plant and equipment, external services failure (including energy and water supply), industrial disputes and action, difficulties in commissioning, ramp up and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the mining, exploration and development of mineral properties such as unusual or unexpected geological formations, difficulties and/or delays associated with groundwater and dewatering of existing pits may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

# 5.2.16 Geotechnical Risk – pit wall angles and final pit design

The remaining life of mine plan for the Dalgaranga Gold Project, including gold production and cost outlooks, relies on completion of mining in accordance with the final pit design. A third party technical study using 3-dimensional numerical modelling indicates that wall angles in the final pit could be steepened, particularly on the western wall of the Gilbey's pit. The life of mine plan incorporates these steeper wall angles. As mining progresses over the next 1 to 2 years, additional geotechnical data will be collected, allowing further refinement of geotechnical modelling and pit design optimisation. Additionally, smaller wall failures or slippages could occur that require changes to the mine design and overall wall angles may become shallower than those used in the current life of mine plan.

While the Company has a reasonable basis upon which to base the final pit design for the Gilbey's pit, there is a risk that the final excavated pit ends with shallower wall angles than used in the life of mine plan, increasing the cost of gold produced as a result.

# 5.2.17 Geotechnical Risk – ground movement

Geotechnical risk arises from the movement of the ground during and following mining activity. This may result in temporary or permanent access to a mine being restricted or cut off. The loss of access may have a significant impact on the economics of the ore body or delay the delivery of ore to the processing plant. Additionally, significant additional costs may result from designing and constructing alternative access to open pits or mining locations, or by requiring remediation of mining locations, which will also impact the economics of the mining operation, potentially making the mine uneconomic. Assessment of the extent and magnitude of ground movements that could take place or that have taken place within the mine and surrounding areas will be evaluated by the Company.

# 5.2.18 Royalties

Each gold mining project operated by the Company will be subject to Western Australian royalties. If State royalties rise, the profitability and commercial viability of the Company's projects may be negatively impacted.

# 5.2.19 Tailings storage facility expansion approvals

The Company is periodically required to expand the capacity of its tailing storage facility(s) at the Dalgaranga Gold Project site. Approval requests to increase the capacity of the existing tailings storage facility (**TSF Lift Stage 4**) were recently submitted to two West Australian government departments. On 4 August 2020, the Company received written approval from the West Australian Department of Mines, Industry Regulation and Safety approving the request for TSF Lift Stage 4. The approval request to the second department (Department of Water and Environmental Regulation) remains under review, however, the Company holds reasonable expectations that the approval will be received on or before 31 August 2020.

In the event that the remaining approval for TSF Lift Stage 4 is not received by 31 August 2020, the Company may be required to reduce or even cease production operations until additional tailings storage capacity is approved and becomes operational.

# 5.2.20 Environment and government regulation

The operations and proposed activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. If such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.

As with most mining operations and exploration projects, the Company's activities are expected to have an impact on the environment, particularly as advanced exploration and mine development proceeds. Mining projects have statutory rehabilitation obligations that the Company will need to comply with in the future and which may be material. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

Further, the Company may require approval from relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals could prevent the Company from undertaking its desired activities.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of development of the Company's projects, and consequently the value of those projects, and the value of the Company's assets. Further there can be no assurances that any future environmental laws, regulations or stricter enforcement policies will not have a material effect on the viability of development of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

# 5.2.21 Dependence on key personnel

The Company is dependent on the experience of its Directors and management team. Whilst the Board has sought to and will continue to ensure that the management team and any key employees are appropriately incentivised, their services cannot be guaranteed. The loss of any of the Directors', senior management's or key employees' services to the Company may have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

As the Company grows, it will need to employ and retain appropriately motivated, skilled and experienced staff. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of the Company.

#### 5.2.22 Dependence on external contractors

The Company has outsourced substantial parts of its mining activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's production and operations.

# 5.2.23 Potential for Significant Dilution

Upon implementation of the Offers, the Company will issue Shares as set out in this Prospectus. The issue of Shares will dilute the interests of existing Shareholders to differing extents depending on individual shareholders take up of their rights entitlement. There is also a risk that Shareholders will be further diluted as a result of future capital raisings required in order to fund the Company's activities. It is not possible to predict what the value of the Company's Shares will be following completion of the Offers being contemplated and the Directors do not make any representation as to such matters. The

# 5.2.24 Future capital requirements

On completion of the Recapitalisation, the Directors believe that the Company will have sufficient funds to satisfy short and medium term working capital requirements. However, the Company may require further financing to continue to operate in the future if for example it fails to meet its mining schedule or there is otherwise a material departure from the Company's stated production or cost guidance. Any additional equity financing that the Company may undertake in the future may dilute existing shareholdings. Further debt financing, if available, may involve additional restrictions on financing and operation activities.

There can be no assurance that the Company will be able to obtain additional financing if or when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.

The Company's ability to raise further equity or debt, and the terms of such transactions, will vary according to a number of factors, including the results achieved by the Company, stock market conditions, the overall risk appetite of investors along with access to credit markets and other funding sources.

# 5.2.25 Potential Mergers and Acquisitions

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

# 5.2.26 Going concern

Failure to complete the proposed Recapitalisation may result in the termination of the DOCA and the appointment of liquidators, and the Group would no longer be able to continue as a going concern.

If the proposed Recapitalisation does not complete and the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

# 5.2.27 Exposure to Natural Events

The Company's operations could be impacted by natural events such as significant rain events, flooding, fires and earthquakes. Such natural events could result in impacts including reduced mining efficiencies, restrictions to or loss of access to open pits, mining locations or necessary infrastructure, or restrictions to or delays in access to the site for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues which could impact the Company's financial performance and position. Whilst the Company is able to transfer some of these risks to third parties through insurance, many of the associated risks are not able to be insured or in the Company's opinion the cost of transfer is not warranted by the likelihood of occurrence of the risk event.

# 5.2.28 Occupational health and safety

The Company's operations involve the use of heavy machinery and hazardous materials, with the consequential risk to both personnel and property. An incident may occur that

Any failure by the Company to safely conduct its operations or to comply with occupational health and safety legislation may result in fines, penalties and compensation claims as well as reputational injury. Whilst the Company is able to transfer some of these risks to third parties through insurance and the retention of contractors, many of the associated risks are not transferable. Injuries to employees may result in significant lost time for the employee and costs and impacts to the Company's business beyond what is covered under workers compensation schemes. The Company has taken steps in order to increase the safety of, and mitigate the risk of workplace injuries occurring to staff.

# 5.2.29 Rights of land access

The Company's tenements overlap various types of tenure including live and pending mining tenements, Crown reserves, private land and pastoral leases. This may result in disruption and/or impediment to the operation or development of the Company's assets. Any new mine development or expansion will require landholder issues to be addressed, which can have consequences for timing and cost implications.

# 5.2.30 Historical and other creditor claims

Although, following effectuation of the DOCA, the creditor's claims lie against the Creditors' Trust rather than the Company, there remains a risk that creditors may pursue claims against the Company, even in the absence of legal rights to do so. If that occurs, the Directors rely on the release and bar to claims clauses contained in the DOCA with a view to defeating such claims. The Company is currently not aware of any creditors asserting such a right.

# 5.2.31 Contractual disputes and litigation

There is a risk that the Company may in the future have disputes with counterparties in respect of major contracts and that this may have an adverse impact on the Company's financial performance and/or financial position.

# 5.3 General risks

# 5.3.1 Economic

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

# 5.3.2 Litigation risks

On 4 August 2020, the Group received notice that proceedings have been commenced in the Federal Court of Australia by Habrok. Refer to Section 12.9 for further information in relation to the Habrok proceedings.

If the Habrok proceedings are not resolved in favour of the Group within the period of 3 months after the date of the General Meeting (or such period as varied by ASIC, ASX or a court of competent jurisdiction (as the case may be)) as described in Section 7.16, there is a risk that the Company may not be able to meet the requirements of ASX for requotation of its Shares on ASX. One of the ASX Reinstatement Conditions is that the Company provides an update to ASX on all litigation with respect to the Company (if any). If the Company is not able to meet the requirements of ASX for re-quotation of its Shares on ASX, the Company will not issue any New Shares under the relevant Offer and will

The Company is also exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee or shareholder claims. Further, the Company may be involved in disputes with other parties in the future, which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the Prospectus Date and other than the Habrok proceedings referred to above, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

# 5.3.3 COVID-19

The outbreak of coronavirus pandemic (**COVID-19**) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had, and may continue to have, a significant impact on capital markets and share prices. The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19.

Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company's ability to freely move people and equipment to and from exploration projects may be the subject of delays or cost increases. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

# 5.3.4 Insurance risks

The Company intends to insure its operations (as required) in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide sufficient insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company affected.

# 5.3.5 Competition risks

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

# 5.3.6 Force Majeure

The projects in which the Company has an interest now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, quarantine restrictions or regulatory changes. Refer to Section 5.3.2 for a description of the risks associated with COVID-19.

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

# 5.3.8 Climate change risk

There are a number of climate-related factors that may affect the Company's business or its assets. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, extreme storms, drought, fires, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Company's ability to access and utilise its tenements and/or on the Company's ability to transport or sell mineral commodities.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets (including its tenements), or may result in less favourable pricing for mineral commodities, particularly in the event of a transition to a lower-carbon economy.

# 5.3.9 Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its proposed business plans.

# 5.3.10 Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

# 5.4 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is

highly speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Prospective investors should carefully consider these risks in light of their investment objectives, financial situation and particular needs (including financial and taxation issues). There may be risk factors in addition to these that should be considered in light of personal circumstances.

# 6 Key people, interests and benefits

# 6.1 Board of Directors

Profiles of each member of the Board are set out below:

# **Director/Position**

# Experience, qualifications and expertise

# **George Bauk**

Independent Non-Executive Chairman 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.

During his time as Managing Director of Northern Minerals, he led its rapid development from a Greenfields heavy rare earth explorer to 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 3 years):

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

# Rowan Johnston Independent NonExecutive Director

Mr 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 Offer 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

# Experience, qualifications and expertise

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 3 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)

# **Richard Hay**

Director (and appointment as Managing Director to take effect from completion of the DOCA)

Mr Hay is a highly experienced mining executive with close to 30 years of operational experience in gold. Mr Hay holds a Master of Science degree from Otago University, New Zealand (Geology). He joined Gascoyne in a newly created role of Executive General Manager in January 2019 with the remit to work on the turn-around the operations and profitability of Dalgaranga before assuming the role of CEO. Mr Hay has overseen the operational turnaround of the Dalgaranga mine.

Prior to joining Gascoyne, Mr Hay was Mine General Manager of Evolution Mining Limited's (ASX:EVN) Mt Carlton gold operation in North Queensland from 2015 to 2018.

Mr Hay has previously held the role of Managing Director of gold developer Dampier Gold Limited (ASX:DAU). Prior to this Mr Hay has a successful 14 year career with Barrick Gold, which included 4 years as Mine General Manager at the Darlot Gold Mine in WA and 2 years as General Manager-Shared Services for 4 gold operations in WA.

The composition of the Board Committees is set out in Section 6.4.10 and a summary of the Board's key corporate governance policies is set out in Section 6.5.

Each Director has confirmed to the Company that he anticipates being available to perform their duties as a Non-Executive or Executive Director, as the case may be, without constraint from other commitments.

# 6.2 Management

Profiles of the key members of the Company's management team are set out below. Further information on the terms of employment of key management personnel is set out in Section 6.3.2.

| Member/Position         | Experience, qualifications and expertise |
|-------------------------|--|
| Richard Hay             | See Section 6.1.                         |
| Chief Executive Officer |  |

| Member/Position                                       | Experience, qualifications and expertise   |
|---|--|
| David Coyne<br>Chief Financial<br>Officer             | Mr Coyne has over 25 years' experience in the mining, and engineering and construction industries, both within Australia and internationally. Prior to joining Gascoyne, Mr Coyne held senior executive positions with Australia listed companies Macmahon Holdings Limited, VDM Group Limited, Peninsula Energy Limited and with unlisted global manganese miner Consolidated Minerals. Over the past 15 years, Mr Coyne has been directly involved in a number of equity and debt raising transactions and has been the project director on a company-wide systems implementation project. Mr Coyne remains as a Non-Executive Director of Peninsula Energy Limited and has previously served on the Board of listed iron ore miner, BC Iron Limited, where he also held the role of Chairman of the Audit and Risk Committee. |
| Shane McBride<br>Company<br>Secretary                 | Mr McBride has 38 years of commercial management experience, including as chief financial officer, company secretary or director in listed Australian public companies incorporating the disciplines of corporate management, project development and mine site operations management, management and financial accounting, corporate finance and investor relations. Mr McBride has specialised in the mining industry for over 34 years.  He has a BBus(Acct) degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators; and is a Member of the Australian Institute of Directors.   |
| Michael McCracken  Dalgaranga Mine –  General Manager | Mr McCracken is a qualified and experienced mining engineer who has worked within the mining industry for over 35 years. He has worked at all levels, in a variety of mine operation aspects and over a range of mineral commodities. This experience encompasses operations management, project evaluations and construction. Mike has been part of management teams that have successfully turned around several operations.  Mr McCracken is engaged by the Company as a contractor through Mining One Pty Ltd.   |
| Julian Goldsworthy<br>Chief Geologist                 | Mr Goldsworthy has over 30 years' experience as a geologist, primarily in the search for gold deposits in Western Australia.  His early career included various exploration roles at Newcrest Mining, including identifying and generating a portfolio of quality exploration projects. His time with Newcrest also included 3   |

years in South America, based in Santiago, Chile, from where

he undertook exploration for gold and copper in Chile,

During 2007 to 2011, Julian was Exploration Manager for Giralia Resources NL, until it was taken over by Atlas Iron Ltd. At Giralia, Julian was responsible for the discovery of over 400

Argentina, Peru and Brazil.

| Member/Position | Experience, qualifications and expertise  |  |
|-----------------|---|--|
|                 | million tonnes of direct shipping iron ore in the Pilbara and Mid-<br>West regions of Western Australia.  |  |
|                 | Since 2011, Julian has been Chief Geologist of the Company.   |  |
|                 | Julian has B.Appl Science (Geology) and is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. |  |
|                 | He is a Non-Executive Director of Zenith Minerals Limited.  |  |

# 6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer.

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the 2 years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- the Offer.

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

# 6.3.1 Directors' interests and remuneration

# 6.3.1.1 Director appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of their appointments, their roles and responsibilities and the Company's expectations of them as Directors.

# 6.3.1.2 Non-Executive Director remuneration

Under the Constitution, the Board may decide the total amount paid by the Company to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors fees approved by Shareholders at the Company's general meeting. This amount has been fixed by the Company at \$450,000 per annum.

As at the Prospectus Date, the annual Non-Executive Directors' base fee agreed to be paid by the Company is \$140,000 per annum to the Chairman and otherwise \$120,000.

Directors will not receive additional fees for being a member of a Board Committee. All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

#### 6.3.1.3 Deeds of indemnity, insurance and access

The Company has entered into deeds of indemnity, insurance and access with each Director and executive officer. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of 7 years after the Director or executive officer ceases to hold office. This 7 year period is extended where certain proceedings or investigations commence during the 7 year period but are not resolved until later.

Pursuant to the Constitution, the Company must indemnify Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director and executive officer on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate.

Pursuant to the Constitution, the Company may purchase and maintain insurance for each Director and executive officer of the Company to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain such insurance for each Director and executive officer until a period of 7 years after a Director or executive officer ceases to hold office. This 7 year period is extended where certain proceedings or investigations commence during the 7 year period but are not resolved until later.

# 6.3.1.4 Other information

Directors are entitled to be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or Committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. These amounts are in addition to the fees set out in Section 6.3.1.2.

# 6.3.1.5 Directors' shareholdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director       | Shares           | Options | Entitlement |
|----------------|------------------|---------|-------------|
| George Bauk    | Nil              | Nil     | Nil         |
| Rowan Johnston | Nil              | Nil     | Nil         |
| Richard Hay    | Nil <sup>1</sup> | Nil     | Nil         |

<sup>1.</sup> Note: At the General Meeting, Shareholders approved the issue of the Bonus Shares to Richard Hay and for Richard Hay to participate in the Placement. For further information see Sections 6.3.2.1 and 7.3.

None of the Directors hold Shares and therefore no Director will be participating in the Entitlement Offer.

# 6.3.1.6 Consultancy arrangements

Prior to their appointment as Directors of the Company, George Bauk and Rowan Johnston were employed by the Company as consultants to assist the Company in its preparations for the Recapitalisation and relisting of its Shares on ASX. George Bauk and Rowan Johnston were paid \$75,400 for these services.

# 6.3.2 Executive remuneration

# 6.3.2.1 Managing Director

Details regarding the terms of employment of the proposed Managing Director, Richard Hay, are set out below. Mr Hay's employment as Managing Director will take effect from completion of the DOCA.

Prior to his appointment as Managing Director of the Company, Mr Hay has been employed by the Company as Chief Executive Officer since 3 June 2019 on a casual basis to assist the Administrators with the Administration process. As at the date of this Prospectus, Mr Hay has been paid approximately \$452,500 (excluding tax) for these services and a further approximately \$325,000 remains payable to Mr Hay, subject to the terms of his employment arrangement, for these services.

| Term                            | Description   |
|---------------------------------|---|
| Employer                        | Gascoyne Resources Limited (Subject to Deed of Company Arrangement)   |
| Remuneration and other benefits | Mr Hay is entitled to receive \$550,000 base salary plus \$25,000 in superannuation per annum.  Mr Hay's remuneration package will be subject to review by the Board each year. |

**Bonus Shares** 

by the issue the Bonus Shares. See Section 7.6.

#### Incentives

Mr Hay is eligible to participate in a 100% at risk, cash-based short term incentive (subject to key performance criteria being met) of 50% of his base salary on an annual basis.

Mr Hay may be eligible to participate in any long term incentive arrangements offered by the Company from time to time.

#### **Termination**

Under Mr Hay's employment contract, Mr Hay may terminate his employment at any time by giving the Company 3 months' written notice and the Company may terminate Mr Hay's employment at any time by giving 6 months' written notice.

The Company may summarily terminate Mr Hay's employment contract in certain circumstances, including where he engages in serious or wilful misconduct, is negligent in his performance of his duties, commits a serious or persistent breach of his employment contract or commits an act which brings the Company into disrepute.

# Restraints

Mr Hay's employment contract contains post-employment restraints, including:

- non-competition restraints which purport to operate across the Asia Pacific region:
- restrictions against inducing the Group's directors and employees; and
- restrictions against soliciting any customer, supplier or contractor of the Group.

The restrictions above purport to operate for up to 6 months postemployment.

#### 6.3.2.2 **Chief Financial Officer**

Details regarding the terms of employment of the Chief Financial Officer, David Coyne, are set out below.

| Term     | Description   |
|----------|---|
| Employer | Mr Coyne is employed by Gascoyne Resources Limited (Subject to Deed of Company Arrangement) |
| Term     | 6 month fixed term  |

Under the terms of his employment contract, Mr Coyne will be entitled to receive annual fixed remuneration of \$350,000 (inclusive of base salary and exclusive of superannuation).

The Company may also reimburse Mr Coyne for reasonable costs incurred associated with the execution of Mr Coyne's duties.

#### **Termination**

Either Mr Coyne or the Company can terminate Mr Coyne's employment by giving the other party notice. That notice period depends on the length of Mr Coyne's employment:

|                       | notice period |
|-----------------------|---------------|
| less than 6 weeks     | 1 month       |
| 6 weeks to 3 months   | 2 months      |
| greater than 3 months | 3 months      |

The Company may also terminate Mr Coyne's employment making payment in lieu of notice of part or all of Mr Coyne's notice period).

The Company may summarily terminate Mr Coyne's employment if Mr Coyne engages in serious misconduct, including where Mr Coyne breaches the Company's code of conduct, Share Trading Policy or harassment policy or if Mr Coyne is convicted of a serious criminal offence.

# 6.3.3 Employee and Director equity plans

As at the date of the Prospectus, the Company has no employee and director equity plans.

# 6.3.4 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offers:

- Canaccord Genuity (Australia) Limited has agreed to act as lead manager and underwriter of the Placement and the Entitlement Offer and will receive the fees as described in Section 12.5.1;
- Foster Stockbroking Pty Limited and Bridge Street Capital Partners Pty Ltd
  have each agreed to act as a co-manager to the Placement and the Entitlement
  Offer. The Lead Manager will pay, on behalf of the Company, the Co-Managers
  a fee of 5% of the management and underwriting fees payable to the Lead
  Manager minus any payments to cornerstone investors and sub-underwriters.
- Investec Australia Limited has acted as Corporate Advisor to the Company in relation to the Offers. The Company estimates it will pay Investec Australia Limited \$1,600,000 (excluding GST and disbursements) for these services.
   Further amounts may be paid to Investec Australia Limited for other work in accordance with its normal time-based charges;
- Herbert Smith Freehills has acted as Australian Legal Adviser (other than in relation to taxation and stamp duty matters) to the Company in relation to the Offers. The Company estimates it will pay Herbert Smith Freehills \$550,000 (excluding GST and disbursements) for these services. Further amounts may be paid to Herbert Smith Freehills for other work in accordance with its normal time-based charges;

- BDO Corporate Finance (WA) Pty Ltd has acted as the Investigating
  Accountant and as Tax Adviser, and performed work in relation to, the Financial
  Information included in Section 4 and its Investigating Accountant's Report
  included in Section 10. The Company estimates it will pay BDO Corporate
  Finance (WA) Pty Ltd \$52,000 (excluding GST and disbursements) for these
  services. Further amounts may be paid to BDO Corporate Finance (WA) Pty Ltd
  for other work in accordance with its normal time-based charges; and
- Mining One Pty Ltd has acted as Independent Technical Adviser to the Company in relation to the Offers. The Company estimates it will pay Mining One Pty Ltd \$60,000 (excluding GST and disbursements) for these services.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 8.1.

# 6.4 Corporate governance

#### 6.4.1 Overview

This Section 6.4 explains how the Board will oversee the management of the Company's business. The primary responsibility for the Board is to represent and advance Shareholder's interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board recognises the need for the Company to operate with the high standards of behaviour and accountability. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the Company's business and that are designed to promote the responsible management and conduct of the Company.

The main policies, charters and practices adopted by the Company are set out below. Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available at https://www.gascoyneresources.com.au/company-overview/corporate-governance/.

# 6.4.2 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The Company has adopted the *ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition*, with some amendments where appropriate, after considering the Group's size and the resources available to it.

# 6.4.3 Board composition

The Board of Directors is comprised of 3 Directors:

- 2 Independent Non-Executive Directors (including the Independent Non-Executive Chairman); and
- 1 Executive Director.

Detailed biographies of the Board members are provided in Section 6.1.

Following completion of the Recapitalisation and effectuation of the DOCA, the recently appointed Directors, being Messrs George Bauk, Richard Hay and Rowan Johnston will continue as directors with the Company.

The Board considers that each of George Bauk and Rowan Johnston are free from any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect, each Director's ability to bring independent judgement to bear on issues before the Board or their ability to act in the best interests of the Company and its Shareholders generally.

Richard Hay is not currently considered by the Board to be an Independent Director, as he is currently an Executive and will be the Managing Director post completion of the recapitalisation.

The Board has a complementary balance of skills, knowledge and experience that will facilitate the Company successfully implementing its business strategy. The current Board and management have the following mix of skills and experience as detailed in the following table:

| Expertise                      | Industry | Qualifications        |
|--------------------------------|----------|-----------------------|
| Management and capital markets | Mining   | Business & accounting |
| Minerals & mining              | Mining   | Geology               |
| Minerals & mining              | Mining   | Mine Engineering      |

# 6.4.4 Board and Senior Executive Evaluation

The Board considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board will undertake an annual evaluation of its effectiveness as a whole. The Chairman will review the individual performance of each Board member annually.

The Chairman's performance is evaluated by the Board annually. All senior executives of the Company are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position.

#### 6.4.5 Selection of External Auditor

When required, the Board recommends an appropriate external audit firm for appointment to Shareholders. The recommended auditor will be considered and appointed, if Shareholders so decide, at a general meeting of Shareholders. If approved by Shareholders, the appointment will be formally documented in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to the Company's accounts for a year of more than 5 consecutive years. Further, once rotated off the Company's accounts, no partner of the external auditor may assume any responsibility in relation to the Company's accounts for a year of 5 consecutive years.

The Company current auditor is Grant Thornton Audit Pty Ltd.

# 6.4.6 Selection and Appointment of New Directors

Candidates for Board positions will be considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities. If Directors have been

initially appointed by the full Board, they will need to be re-elected by Shareholders at the next general meeting.

# 6.4.7 Risk Management

Risk recognition and management are viewed by the Company as integral to the Company's objectives of creating and maintaining shareholder value and the successful advancement of the Company's business activities.

There are a range of risks that have the potential to have an adverse impact on the Company's business. The Group has developed a framework for a risk management and internal compliance which covers organisational, financial and operational aspects of the Group's affairs.

Management reports to the Board annually in relation to the key business risks, the control system in place to manage such risks and how effective the risk management system is operating. The Board is responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives. The Group regularly considers its risks and its Risk Management Plan.

# 6.4.8 Matters for Approval by the Board of Directors

The Board has adopted a list of matters required to be brought before the Board for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the senior executives.

#### 6.4.9 Board Charter

The Board Charter provides an overview of the Board's structure, composition and responsibilities, and the relationship and interaction between the Board, the Board committees and management.

Under the Board Charter, the Board's responsibilities include:

- overseeing the Group, including its control and accountability systems;
- providing input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- monitoring senior executives' performance and implementation strategy;
- ensuring appropriate resources are available to senior executives;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures; and
- approving and monitoring financial and other reporting.

Subject to the Chairman's approval, the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

While the Board retains ultimate responsibility for the strategy and performance of the Company, the day to day operation of the Company is conducted by, or under the supervision of, the Managing Director as directed by the Board.

#### 6.4.10 Board Committees

The Board may from time to time establish committees to assist in performing its responsibilities. The Board has established the following committees:

- Audit and Risk Committee; and
- Remuneration Committee.

Other committees may be established by the Board as and when required.

#### 6.4.10.1 Audit and Risk Committee

The Audit and Risk Committee's key responsibilities are to oversee the Company's:

- Policies and procedures;
- processes for the identification and management of risk;
- financial controls and systems;
- financial reporting processes;
- processes for monitoring compliance with legislation and regulation; and
- relationship with the external auditor and the external audit function generally.

Under its charter, the Audit and Risk Committee will comprise all Directors of the Company.

# 6.4.10.2 Remuneration Committee

The Board has established a separate Remuneration Committee to consider the remuneration of Directors and senior executives. The purpose of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities. The functions of the Remuneration Committee will generally include review of:

- Board performance;
- the remuneration framework for non-executive Directors;
- the remuneration and incentive framework, including any proposed equity incentive awards for the Managing Director and senior executives; and
- recommendations on remuneration and incentive awards for the Managing Director and senior executives.

The Remuneration Committee must comprise only Non-Executive Directors. The Committee will benchmark remuneration of Non-Executive Directors.

The Remuneration Committee will comprise:

- George Bauk; and
- Rowan Johnston.

# 6.5 Corporate governance policies

# 6.5.1 Continuous Disclosure Policy

The Company is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company has adopted a Continuous Disclosure Policy which reinforces the Company's commitment to its continuous disclosure obligations and describes the processes in place that enable the Company to provide Shareholders with timely

disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

# 6.5.2 Shareholder Communication Policy

The Company aims to ensure that Shareholders are informed of all major developments affecting the Company. Shareholders may request copies of the Company's annual report, half-yearly financial statements and quarterly reports. The Company also encourages full participation of Shareholders at general meetings of the Company.

In addition, the Company regularly updates its website at https://www.gascoyneresources.com.au/ with information relevant to shareholders and investors generally.

# 6.5.3 Securities Dealing Policy

The Company recognises that Directors, officers and employees may hold Securities in the Company.

The Company has adopted a Securities Dealing Policy that is intended to explain the types of conduct in relation to dealings in securities that are prohibited by law and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company, the Directors and employees and in the trading of the Company's Securities.

The Company acknowledges that the Corporations Act prohibits persons who are in the possession of price sensitive information from dealing in securities, procuring that another person deals in the securities or communicates the information to others who might deal in the securities. The Company recognises that the central test of what constitutes price sensitive information is information concerning a company that a reasonable person would expect to have a material effect on the price or value of securities in the company.

The policy provides that Directors, executives and other employees are generally not allowed to deal in Securities of the Company ("closed period") as a matter of course in the following periods:

- from the last day of each quarter to the release of quarterly results; and
- while there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

The policy also provides that Directors, executives and other employees must not communicate price sensitive information to a person who may deal in securities of the Company.

It is the responsibility of the individual Director, officer or employee to ensure that any trading by the Director, officer or employee complies with the Corporations Act, the ASX Listing Rules and the Company's policies.

A breach of this policy may lead to disciplinary action. It may also be a breach of the law.

# 6.5.4 Code of Conduct

The Board, management and employees of the Company are committed to implementing the Company's core principles and values as stated in its Code of Conduct when dealing with each other and with customers, suppliers, competitors and the wider community.

The Company is dedicated to delivering the best performance possible for investors and employees using its resources. The Company aspires to operate openly, with the highest

level of honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates. In maintaining its corporate social responsibility, and its commitment to being a good corporate citizen, the Company will conduct its business ethically and according to its values, encourage community initiatives, consider the environment and ensure a safe workplace.

# 6.5.5 Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. As such, the Board has adopted a policy to approach decisions of recruitment, development, promotion and remuneration on the basis of qualification and principles merit and fairness.

# 6.5.6 Whistleblower Policy

The Company is committed to promoting and supporting a culture of corporate compliance and ethical behaviour. The Company has adopted a Whistleblower Policy which encourages directors, officers, employees, consultants and contractors to raise any concerns and report instances of illegal, unethical or damaging behaviour without fear. The Whistleblower Policy establishes the mechanisms and procedures for directors, officers, employees, consultants and contractors to report unethical, illegal or damaging conduct (or other forms of reportable conduct as identified in the Whistleblower Policy) in a manner which protects the whistleblower and gathers the necessary information for the Company to investigate such reports and act appropriately.

The Company is making separate Offers pursuant to this Prospectus. The Offers are made with disclosure under this Prospectus and are made on the terms, and is subject to the conditions, set out in this Prospectus. The purpose of the Offers and the use of funds raised pursuant to the Offers are set out in Section 8.

#### 7.1 The Entitlement Offer

The Entitlement Offer is being made as a pro-rata accelerated non-renounceable entitlement offer of 2.00 New Shares for every 1 Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.025 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 2,009,729,910 New Shares will be issued pursuant to the Entitlement Offer to raise approximately \$50 million (before costs).

The Entitlement Offer has 2 components:

- (a) the Institutional Entitlement Offer (see Section 7.1.1), being an offer to Eligible Institutional Shareholders; and
- (b) the Retail Entitlement Offer (see Section 7.1.2), being an offer to Eligible Retail Shareholders.

The Entitlement Offer is non-renounceable, meaning that Entitlements are not able to be traded or transferred, and any Entitlements not taken up will lapse and no value will be received for them.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 8.

The Entitlement Offer is fully underwritten by the Lead Manager (see Section 7.1.3).

All of the New Shares will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 7.20 for a summary of the rights attaching to New Shares.

# 7.1.1 Institutional Entitlement Offer

The Institutional Entitlement Offer will be conducted pursuant to this Prospectus and the Confirmation Letters. The Lead Manager and/or the Company will provide Eligible Institutional Shareholders with the details of their Entitlements and how to apply under the Institutional Entitlement Offer at the commencement of the Institutional Entitlement Offer. The Institutional Entitlement Offer will close on 17 August 2020.

The Institutional Entitlement Offer will involve a bookbuild process to place the Shortfall of any Entitlements not taken up by Eligible Institutional Shareholders under the Institutional Entitlement Offer. See Section 7.3 below for details of the Shortfall allocation policy.

Settlement of the Institutional Entitlement Offer is expected to occur on 15 September 2020 (being the same date as settlement of the Retail Entitlement Offer). Issue of the New Shares under the Institutional Entitlement Offer (including any Shortfall under the Institutional Entitlement Offer) is expected to occur on or about 16 September 2020 (being the same date as issue of New Shares under the Retail Entitlement Offer).

# 7.1.2 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders only.

The Retail Entitlement Offer will also include a Top Up Facility, which entitles Eligible Retail Shareholders who have applied for their Entitlement in full to apply for Additional Shares up to the cap of 50% of their Entitlement, subject to the Board's discretion to scale back applications for Additional Shares.

Additional Shares under the Top Up Facility will be issued to Eligible Retail Shareholders that have applied for Additional Shares in priority to, and before any, allocation of the Shortfall (as described in Section 7.3) is made to the Lead Manager and any sub-underwriters, subject to the Board's discretion to scale back applications for Additional Shares.

The Company will not allocate or issue New Shares under the Top Up Facility where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law. Eligible Retail Shareholders wishing to apply for Additional Shares under the Top Up Facility must consider whether or not the issue of the Additional Shares applied for would breach the Corporations Act, the Listing Rules or any other relevant regulation or law having regard to their own circumstances and should seek professional advice where necessary.

If you are an Eligible Retail Shareholder that has received this Prospectus, the number of New Shares to which you are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. Some of these risks are outlined in Section 5. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

You should consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances, and consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

Issue of the New Shares under the Retail Entitlement Offer (including any New Shares under the Top Up Facility) is expected to occur on or about 16 September 2020 (being the same date as issue of New Shares under the Institutional Entitlement Offer).

# 7.1.3 Underwriting arrangements

The Entitlement Offer will be fully underwritten by the Lead Manager.

The Lead Manager and the Company have entered into the Underwriting Agreement under which the Lead Manager has agreed, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Entitlement Offer and to manage the Entitlement Offer. The Underwriting Agreement sets out a number of circumstances in which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations.

A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 12.5.

# 7.2 Placement

In addition to the Entitlement Offer, the Company will issue 1,400,000,000 New Shares at \$0.025 per New Share (the same issue price as the Entitlement Offer) to Institutional Investors to raise approximately \$35 million (before costs) (**Placement**).

The Placement will involve a bookbuild process which will occur contemporaneously with the bookbuild process for the Institutional Entitlement Offer. It is intended that Eligible Institutional Shareholders who bid for up to their 'pro-rata' share of Shares under the Placement will be allocated their pro-rata share, on a best endeavours basis. Any New Shares not subscribed for under the Placement will become Shortfall Shares. See Section 7.3 below for details of the Shortfall allocation policy.

The 1,400,000,000 New Shares to be issued under the Placement are expected to be issued on 16 September 2020. As this date is after the Record Date for the Entitlement Offer, participants in the Placement will not be able to participate in the Entitlement Offer in respect of the New Shares they receive under the Placement. The intended use of funds raised by the Placement is set out in Section 8.1.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months after the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (2) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on New Shares issued pursuant to the Placement are removed.

At the General Meeting, Shareholders approved Richard Hay participating in the Placement. Accordingly, up to 4,000,000 Shares (pre-Consolidation) may be issued to Richard Hay (or his nominee) under the Placement, being the maximum number of Shares calculated at the issue price under the Entitlement Offer as is equal to \$100,000.

# 7.3 The Shortfall Offer

Any New Shares not subscribed for under the Placement and any Entitlements not taken up under the Entitlement Offer (including the Top Up Facility) will become Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Prospectus (**Shortfall Offer**).

Subject to the terms of the Underwriting Agreement, if any New Shares are not validly subscribed for under the Placement or the Institutional Entitlement Offer, the Lead Manager must subscribe or procure subscriptions, and pay or procure payment of the Offer Price in respect of, these Shortfall Shares.

The allocation of any Shortfall Shares in respect of the Placement and Institutional Entitlement Offer will be determined by the Lead Manager in consultation with the Company, and may include allocations to Institutional Investors who have committed to sub-underwrite the offer of New Shares under the Placement or the Institutional Entitlement Offer.

If any New Shares are not subscribed for under the Retail Entitlement Offer, these New Shares will be allocated in priority to Eligible Retail Shareholders who have participated in the Top Up Facility.

Subject to the terms of the Underwriting Agreement, to the extent that there are Shortfall Shares in respect of the Retail Entitlement Offer after all of the New Shares have been allocated to Eligible Retail Shareholders participating in the Retail Entitlement Offer and the Top Up Facility, the Lead Manager must subscribe or procure subscriptions, and pay or procure payment of the Offer Price in respect of, these Shortfall Shares.

The allocation of any Shortfall Shares in respect of the Retail Entitlement Offer will be determined by the Lead Manager in consultation with the Company, and may include allocations to Institutional Investors who have committed to sub-underwrite the offer of New Shares under the Retail Entitlement Offer.

The Shortfall Shares in respect of the Entitlement Offer and Placement will be offered and issued at the Offer Price. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 7.20.

New Shares will not be allocated and issued under the Shortfall Offer where the Lead Manager and the Company consider that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law. Eligible Retail Shareholders wishing to apply for Additional Shares under the Top Up Facility must consider whether or not the issue of the Additional Shares applied for would breach the Corporations Act, the Listing Rules or any other relevant regulation or law having regard to their own circumstances.

Directors cannot be issued New Shares under the Shortfall Offer without prior Shareholder approval.

# 7.4 NRW Offer

This Prospectus also includes an offer of 480,000,000 New Shares (**NRW Shares**) to NRW (and/or its nominees) (**NRW**) (being such number of shares as is equal to \$12 million at the issue price of \$0.025 per New Share) (**NRW Offer**). The NRW Offer under this Prospectus is made only to NRW (and/or its nominees).

The NRW Offer was approved by Shareholders at the General Meeting.

The NRW Shares offered under the NRW Offer will rank equally with the existing Shares on issue. Refer to Section 7.20 for details of the rights and liabilities attaching to Shares.

NRW (and/or its nominees) should refer to Section 7.13.5 for details of how to accept the NRW Securities.

# 7.5 Creditors' Trust Offer

This Prospectus also includes an offer of 120,000,000 New Shares (**Creditors' Trust Shares**) to the Trustees of the Creditors' Trust for the benefit of the creditors' claims (**Creditors' Trust Offer**). The Creditors' Trust Offer under this Prospectus is made only to the Trustees of the Creditors' Trust (or its nominees).

The Creditors' Trust Offer was approved by Shareholders at the General Meeting.

The Creditors' Trust Shares offered under the Creditors' Trust Offer will rank equally with the existing Shares on issue. Refer to Section 7.20 for details of the rights and liabilities attaching to Shares.

The Trustees of the Creditors' Trust should refer to Section 7.13.6 for details of how to accept the Creditors' Trust Shares.

# 7.6 Bonus Shares

At the General Meeting, Shareholders approved the issue of Bonus Shares (10,000,000 Shares (pre-Consolidation)) to Mr Richard Hay (or his nominee).

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months after the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides another exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (2) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued: and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act, so that any trading restrictions on the Bonus Shares issued to Mr Hay (or his nominees) are removed.

The purpose of this Prospectus is to:

- (a) make the Offers; and
- (b) remove any trading restrictions on the sale of Shares issued by the Company pursuant to the Placement, the issue of Bonus Shares or the Shortfall Offer.

The main purpose of the Entitlement Offer and Placement is to raise funds in order to effect the Recapitalisation and effectuate the DOCA. The Entitlement Offer will raise approximately \$50 million (before costs). The Entitlement Offer, together with the Placement, will raise approximately \$85 million (before costs).

Refer to Section 8.1 for the details of the Company's intended allocation of the proceeds of the Entitlement Offer and the Placement.

# 7.8 Minimum Subscription Amount

The Entitlement Offer and Placement has a minimum subscription of \$75 million (before costs) (**Minimum Subscription**), being approximately 88% of the maximum size of the Entitlement Offer and Placement.

The Company considers that the Minimum Subscription is the minimum amount necessary to complete the Recapitalisation, satisfy the requirements under the DOCA and the ASX Reinstatement Conditions, and to implement the business strategy detailed in this Prospectus.

The Entitlement Offer and Placement is fully underwritten by the Lead Manager (subject to the terms and conditions of the Underwriting Agreement as set out in Section 12.5). If the Minimum Subscription is not achieved (for example, if the Underwriting Agreement is terminated and the Company is not otherwise able to raise the funds), the Offers will not proceed and all Application Monies will be refunded to Applicants (without interest).

# 7.9 Offers conditional

The Offers under this Prospectus and the issue of New Shares pursuant to this Prospectus are subject to and conditional on:

- the Minimum Subscription being achieved under the Entitlement Offer and the Placement (refer to Section 7.8);
- the Company receiving confirmation from ASX that it will reinstate its Shares to trading, subject to the satisfaction of terms and conditions which are acceptable to the Company (refer to Section 2.7 for further details); and
- the DOCA not having been terminated and the Company being of the view, acting reasonably, that any conditions to completion of the DOCA are capable of being satisfied,

# (Offer Conditions).

If any of these Offer Conditions are not satisfied, the Recapitalisation and the Offers will not proceed.

# 7.10 Non-renounceable offer

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Offer Closing Date, your Entitlement will lapse.

# 7.11 Opening and Closing Dates

# 7.11.1 Institutional Entitlement Offer and Placement

The Institutional Entitlement Offer and Placement will open on 13 August 2020 and will close on 17 August 2020.

#### 7.11.2 Retail Entitlement Offer

The Retail Entitlement Offer and the Shortfall Offer (as it relates to the Retail Entitlement Offer) will open on 20 August 2020.

The Entitlement Offer will remain open until 5.00pm (Perth time) on 10 September 2020 or such other date as the Company, in consultation with the Lead Manager shall determine, subject to the ASX Listing Rules (**Closing Date**).

Please note that payment made by BPAY® or by cheque or bank draft must be received no later than 5.00pm (Perth time) on the Closing Date. It is the responsibility of all Eligible Retail Shareholders to ensure that their payments are received by the Company on or before the Closing Date.

# 7.11.3 NRW Offer

The closing date for the NRW Offer is 10 September 2020. The Company will accept the NRW Offer Application Forms from 20 August 2020 until the Closing Date.

# 7.11.4 Creditors' Trust Offer

The closing date for the Creditors' Trust Offer is 10 September 2020. The Company will accept the Creditors' Trust Offer Application Forms from 20 August 2020 until the Closing Date.

# 7.11.5 Bonus Shares

The closing date for the offer of Bonus Shares is 10 September 2020. The Company will accept an application from Mr Richard Hay (or his nominees) for the Bonus Shares from 20 August 2020 until the Closing Date.

#### 7.11.6 Variation of dates

The Company, in consultation with the Lead Manager, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary these dates without prior notice, including to extend the Closing Date, accept late Applications, or to delay or withdraw the Offers. If an Offer is withdrawn, all application monies for Shares under that Offer which have not been issued will be refunded (without interest) as soon as practicable.

The Company, in consultation with the Lead Manager, reserves the right, subject to the Corporations Act, the ASX Listing Rules and the giving of at least 5 business days' notice to Shareholders, to close the Offers (including the Retail Entitlement Offer) early.

# 7.12 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the matters detailed in Sections 2 and 3 and the risks applicable to the Company and its business detailed in Section 5, Eligible Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

# 7.13 Application Forms and Payments

#### 7.13.1 Institutional Entitlement Offer

The Lead Manager and/or the Company will provide Eligible Institutional Shareholders with the details of their Entitlements and how to apply under the Institutional Entitlement Offer at the commencement of the Institutional Entitlement Offer. Eligible Institutional Shareholders who participate in the Institutional Entitlement Offer must execute and deliver a Confirmation Letter to be sent by the Lead Manager.

#### 7.13.2 Retail Entitlement Offer

Entitlements to New Shares can be accepted by Eligible Retail Shareholders in full or in part in accordance with the instructions set out in Section 9.3 and on the Entitlement and Acceptance Form. Eligible Retail Shareholders may also apply for Additional Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 9.3.3 for further details).

Acceptance of a completed Entitlement and Acceptance Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Applications for the Retail Entitlement Offer may only be made by Eligible Retail Shareholders during the Offer Period on an Entitlement and Acceptance Form attached to or accompanying this Prospectus. A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus. Eligible Retail Shareholders can download a copy of this Prospectus and a personalised Entitlement and Acceptance Form during the Offer Period through the 'Investors Login' at https://www.advancedshare.com.au/investors (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access). Once logged in the personalised Entitlement and Acceptance Form attached to or accompanying the electronic Prospectus is available from the 'Document Print' link.

#### 7.13.3 Placement

The Placement is an offer to Institutional Investors identified by the Company (and/or their nominees) only. Only these third parties (and/or their nominees) may apply for Shares under the Placement. Institutional Investors who participate in the Placement must execute and deliver a Confirmation Letter to be sent by the Lead Manager.

#### 7.13.4 NRW Offer

The NRW Offer is an offer to NRW (or its nominees) only.

Only NRW (or its nominees) can accept an offer for the New Shares under the NRW Offer. A personalised NRW Offer Application Form will be issued to NRW together with a copy of this Prospectus. The Company will only provide a NRW Offer Application Form to NRW.

No brokerage, commission or stamp duty is payable by the NRW on subscription or issue of the New Shares pursuant to the NRW Offer.

The completed NRW Offer Application Form should be returned to the Company prior to 5.00pm (Perth time) on the Closing Date.

# 7.13.5 Creditors' Trust Offer

The Creditors' Trust Offer is an offer to the Trustees of the Creditors' Trust (or its nominees) for the benefit of the creditors' claims only.

Only the Trustees of the Creditors' Trust (or its nominees) can accept an offer for the New Shares under the Creditors' Trust Offer. A personalised Creditors' Trust Offer Application Form will be issued to the Trustees of the Creditors' Trust (and/or its nominees) together with a copy of this Prospectus. The Company will only provide a Creditors' Trust Offer Application Form to the persons entitled to participate in the Creditors' Trust Offer.

No brokerage, commission or stamp duty is payable by the Trustees of the Creditors' Trust on subscription or issue of the New Shares pursuant to the Creditors' Trust Offer.

The completed Creditors' Trust Offer Application Form should be returned to the Company prior to 5.00pm (Perth time) on the Closing Date.

# 7.13.6 Bonus Shares

The offer of Bonus Shares is an offer to Richard Hay (or his nominees) only.

Only Richard Hay (or his nominees) can accept an offer for the Bonus Shares. A personalised Bonus Share Application Form will be issued to Richard Hay (and his nominees) together with a copy of this Prospectus. The Company will only provide a Bonus Shares Application Form to Richard Hay.

No brokerage, commission or stamp duty is payable by Richard Hay on subscription or issue of the Bonus Shares.

The completed Bonus Share Application Form should be returned to the Company prior to 5.00pm (Perth time) on the Closing Date.

# **7.14** Issue

New Shares issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and Timetable.

Holding statements for New Shares issued under the Offers will be mailed in accordance with the ASX Listing Rules and Timetable.

# 7.15 Application Monies held on trust

Pending the issue of the New Shares under an Offer or payment of refunds pursuant to this Prospectus, all application monies in respect of an Offer will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

All Application Monies will be returned (without interest) if the New Shares are not issued and the Entitlement Offer does not proceed.

# 7.16 ASX Quotation

The Company will apply to ASX for quotation of the New Shares on ASX.

If ASX does not grant Official Quotation of the New Shares offered under an Offer before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC or a court of competent jurisdiction (as the case may be)), the Company will not issue any New Shares under the relevant Offer and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

# 7.17 Withdrawal and discretion

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

Subject to the Corporations Act, the ASX Listing Rules, the Lead Manager and the Company also reserve the right to close the Offers or any part of them early, extend the Offers or any part of them, accept late Applications either generally or in particular cases, reject any Application, waive or correct any errors made by any Applicant in completing an Application Form, or allocate to any Applicant fewer Shares than those applied for. Applications received under the Offers are irrevocable and may not be varied or withdrawn except as required by law.

# 7.18 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement)

that sets out the number of New Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

# 7.19 Overseas Shareholders

Each Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

# 7.19.1 Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or. alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) 3 years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque

manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

# 7.19.2 European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

# **7.19.3** Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within 6 months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# 7.19.4 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# 7.19.5 Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# 7.19.6 South Africa

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act and may not be distributed to the public in South Africa.

An entity or institution resident in South Africa may not implement participation in the offer unless (i) permitted under the South African Exchange Control Regulations or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve Bank.

# 7.19.7 Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

# 7.19.8 United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

# 7.19.9 United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares will only be offered and sold in the United States to:

- institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

### 7.19.10 Notice to nominees and custodians

Nominees and custodians may not distribute this document (including any Application Form), and may not permit any beneficial Shareholder to participate in the Offers, in any country outside of Australia and New Zealand, except to beneficial Shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in this Section 7.19 of this Prospectus (excluding the United States), or with the prior consent of the Company, to beneficial Shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

# 7.20 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

# 7.20.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Company's Constitution, statute, the ASX Listing Rules and general law. A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

# 7.20.2 General meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and the ASX Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

# 7.20.3 Voting rights

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has 1 vote on a show of hands and, on a poll, 1 vote for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

# 7.20.4 Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

# 7.20.5 Winding up

If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided amongst the Company's members in proportion to the number of Shares held by them. The amount unpaid on Shares held by a member is to be deducted from the amount that would otherwise be distributed to that member.

### 7.20.6 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

### 7.20.7 Issue of further Shares

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

# 7.20.8 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- (a) with the consent in writing of the holders of 75% of the issued shares included in that class; or
- (b) by a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

# 7.20.9 Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 3 quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

### 7.20.10 Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution.

# 7.20.11 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

# 7.20.12 Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of 3 Directors and a maximum of 5 Directors, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding a managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

# 7.20.13 Directors - voting

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only 2 Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

### 7.20.14 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total aggregate amount provided to all non-executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting.

The remuneration of a Director (who is not a managing director or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of non-executive Director remuneration is set out in Section 6.3.1. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses the Directors incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who performs extra services or makes any special exertions for the benefit of the Company, which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. These amounts will not form part of the maximum aggregate sum of non-executive Director remuneration.

Directors' remuneration is discussed in Section 6.3.1.

## 7.20.15 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power and the powers that are not required by law or by the Constitution to be exercised by the Company in general meeting.

# 7.20.16 Preference shares

The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

# 7.20.17 Indemnities

The Company, to the extent permitted by law, indemnifies each Director and executive officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

# 8 Effect of the Offers and the Recapitalisation

# 8.1 Use of funds

The Entitlement Offer and Placement are intended to raise \$85 million (before costs). No funds will be raised from the Creditors' Trust Offer or the NRW Offer.

The funds raised from the Entitlement Offer and Placement are planned to be used in accordance with the table set out below:

| Repayment of the Group's secured banking facilities (currently with the Original Banks), including accrued but unpaid interest  | \$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 <sup>(1)</sup> | \$10.0 million |
| Satisfaction of the upfront payment to NRW, as referred to in Section 2.3.4   | \$7.0 million  |
| Exploration and evaluation activities   | \$3.0 million  |
| Initial payment to the Creditors' Trust <sup>(3)</sup>  | \$1.0 million  |
| Estimated costs of the Capital Raising <sup>(2)</sup>   | \$7.4 million  |
| General working capital purposes  | \$16.6 million |

# Notes:

- On the date that the proceeds from the Entitlement Offer are received by the Company, the Company is to have a minimum available cash balance of at least \$15 million as a condition of the Finance Facility. Following this date, the Company is to then have a minimum available cash balance of \$10 million at all times during the term of the debt facility.
- 2 Refer to Section 12.14 for further details relating to the estimated costs of the Entitlement Offer.
- In accordance with the DOCA, the remaining 50% of debt owed to large unsecured creditors will be paid into the Creditors' Trust in due course.

# 8.2 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming the completion of the Offers and all Entitlements are accepted, is set out below.

### **Shares**

| Shares  | Number        |
|---|---------------|
| Shares currently on issue                                   | 1,004,864,955 |
| New Shares to be issued pursuant to the Entitlement Offer   | 2,009,729,910 |
| New Shares offered pursuant to the Placement                | 1,400,000,000 |
| NRW Shares  | 480,000,000   |
| Creditors' Trust Shares                                     | 120,000,000   |
| Bonus Shares  | 10,000,000    |
| Total Shares on issue after completion of the Offers        | 5,024,594,865 |
| Total Shares on issue after completion of the Consolidation | 251,229,744   |

# **Options**

Prior to the date of the Prospectus, the Company had 3,800,000 Options on issue (pre-Consolidation). As a result of the Recapitalisation, those Options were subject to revaluation in accordance with their terms and the ASX Listing Rules. The effect of the revaluation was that the number of Options on issue would be adjusted to 190,000 Options 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 as soon as practicable.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

# 8.3 Effect on the control of the Company and dilution of the Recapitalisation

The Entitlement Offer is fully underwritten by the Lead Manager. Refer to Section 12.5 for details of the terms of the Underwriting Agreement. The Lead Manager is not presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Lead Manager's voting power in the Company. The Lead Manager is not a related party of the Company for the purpose of the Corporations Act.

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Shareholders should be aware that they will be subject to dilution by reason of the Company undertaking the Recapitalisation, including by way of:

- (a) the issue of New Shares pursuant to the Placement;
- (b) the issue of New Shares pursuant to the Entitlement Offer and the Shortfall Offer:
- (c) this issue of New Shares pursuant to the NRW Offer;
- (d) the issue of New Shares pursuant to the Creditor's Trust Offer; and
- (e) the issue of the Bonus Shares.

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 80% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus, but on the basis of the Offers having completed).

Examples of how the dilution as a result of the Recapitalisation may impact Shareholders are set out in the table below:

| Holder           | Shareholding<br>as at Record<br>Date | % at<br>Record<br>Date | Entitlement<br>under the<br>Entitlement<br>Offer | Shareholding<br>if full<br>Entitlement<br>taken up | Shareholding if Entitlement not taken up | % post<br>Offers if full<br>Entitlement<br>taken up | % post<br>Offers if<br>Entitlement<br>not taken<br>up |
|------------------|--------------------------------------|------------------------|--|--|--|---|---|
| Shareholder<br>1 | 100,000,000                          | 9.95%                  | 200,000,000                                      | 300,000,000  | 100,000,000                              | 5.97%   | 1.99%   |
| Shareholder<br>2 | 50,000,000                           | 4.98%                  | 100,000,000                                      | 150,000,000  | 50,000,000                               | 2.99%   | 1.00%   |
| Shareholder 3    | 10,000,000                           | 1.00%                  | 20,000,000                                       | 30,000,000   | 10,000,000                               | 0.60%   | 0.20%   |
| Shareholder<br>4 | 5,000,000                            | 0.50%                  | 10,000,000                                       | 15,050,000   | 5,000,000                                | 0.30%   | 0.10%   |

# Notes:

- The dilutionary effect shown in the table is the maximum percentage on assumption that the Placement has completed and those Entitlements not accepted are placed under the Shortfall Offer, or to sub-underwriters or the Lead Manager.
- 2. The table shows the dilutionary effect of the New Shares being issued under the Offers (pre-Consolidation).
- 3. Eligible Retail Shareholders who have applied for their full Entitlement may apply for Additional Shares in excess of their Entitlement, capped at a maximum of 50% of their Entitlement under the Top Up Facility (see Section 9.3.3). The table above does not include any calculations in relation to any Additional Shares that may be applied for.

# 8.4 Other information about the Company and the Offer

The Company's Pro Forma Consolidated Historical Statement of Financial Position following Completion of the Offer, including details of pro forma adjustments, is set out in Section 4.6.

# 8.5 Potential effect of the fundraising on the future of the Company

The Directors believe that on Completion of the Offer, the Company will have sufficient working capital available to fulfil the purposes of the Offer and meet the Company's stated business objectives.

# 8.6 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder  | Shares      | %     |
|--|-------------|-------|
| DELPHI<br>Unternehmensberatung<br>Aktiengesellschaft | 185,316,417 | 18.44 |
| NRW Holdings Limited                                 | 86,238,410  | 8.58  |
| Mitsubishi UFJ Financial<br>Group, Inc.              | 83,181,701  | 8.28  |

### Notes:

<sup>1.</sup> These figures are obtained from the latest substantial holder notices lodged with the Company as at the date of this Prospectus.

# 9.1 Eligibility to participate in the Entitlement Offer

Shareholders who are Eligible Institutional Shareholders or Eligible Retail Shareholders are eligible to participate in the Entitlement Offer.

Eligible Institutional Shareholders are those Institutional Shareholders on the Record Date whom the Company and Lead Manager determine in their discretion:

- (a) are eligible to participate in the Institutional Entitlement Offer;
- (b) successfully receives an invitation from the Lead Manager to participate in the Institutional Entitlement Offer (either directly or through a nominee); and
- (c) are in a Permitted Jurisdiction.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- (a) are registered as a holder of Shares;
- (b) have a registered address in Australia or New Zealand as noted on the Company's share register or persons that the Company has determined in its direction are Eligible Retail Shareholders;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Retail Entitlement Offer is not being extended to any Shareholder with a registered address outside Australia and New Zealand. The Company has determined that making the Entitlement Offer to Shareholders with a registered address outside of those jurisdictions is not reasonable in the circumstances, taking into account the small number of Shareholders resident outside those jurisdictions and the number and value of New Shares that would have been offered to those Shareholders.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia or New Zealand unless, in the opinion of the Company, that Shareholder would be eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer. The Company may (with the Lead Manager's consent) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws). The Retail Entitlement Offer is not available to any person in the United States or any person acting for the account or benefit of a person in the United States. The Company will notify all Ineligible Shareholders of the Entitlement Offer and advise that the Company is not extending the Entitlement Offer to those Shareholders.

# 9.2 Acceptance and how to apply for the Institutional Entitlement Offer

The Confirmation Letters (together with a copy of this Prospectus) provided by the Lead Manager and/or the Company to each Eligible Institutional Shareholders will set out the

# 9.3 Acceptance and how to apply for the Retail Entitlement Offer

Acceptance of the Retail Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. There is no minimum subscription you are required to apply for.

The number of New Shares to which each Eligible Retail Shareholder is entitled (**Retail Entitlement**) is calculated as at the Record Date of 5.00pm (Perth time) on 17 August 2020 and is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Retail Entitlements for each separate holding.

Applications for the Retail Entitlement Offer may only be made by Eligible Retail Shareholders during the Offer Period on an Entitlement and Acceptance Form attached to or accompanying this Prospectus. A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus. Eligible Retail Shareholders can download a copy of this Prospectus and a personalised Entitlement and Acceptance Form during the Offer Period through the 'Investors Login' at https://www.advancedshare.com.au/investors (you will need your Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and post code to gain access). Once logged in the personalised Entitlement and Acceptance Form attached to or accompanying the electronic Prospectus is available from the 'Document Print' link.

As an Eligible Retail Shareholder, you may participate in the Retail Entitlement Offer as follows:

- (a) take up all of your Entitlement (see Section 9.3.1);
- (b) take up all of your Entitlement (see Section 9.3.1) and apply for Additional Shares (see Section 9.3.3);
- (c) take up part of your Entitlement and allow the balance to lapse (see Section 9.3.2); or
- (d) take no action and allow all of your Entitlement to lapse (see Section 9.4).

The Company reserves the right to reject any Application that is received after the Closing Date. Unless varied at the discretion of the Company in consultation with the Lead Manager (and subject to the Corporations Act and the ASX Listing Rules), the Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (Perth time) on 10 September 2020.

# 9.3.1 Take up all of your Entitlement

If you wish to accept your full Entitlement to purchase New Shares at the Issue Price complete the Entitlement and Acceptance Form which accompanies the Prospectus in accordance with the instructions set out on the form so that payment is received before 5.00pm (Perth time) on 10 September 2020.

Payment may be made by BPAY® in accordance with Section 9.5.1. If payment is made via BPAY®, your Entitlement and Acceptance Form is not required to be returned to the Share Registry. Alternatively, payment may be made by cheque, drawn on an Australian bank or bank draft made payable in Australian currency in accordance with Section 9.5.2.

Please note that there may be delays in receiving or returning Entitlement and Acceptance Forms by mail due to the impacts of COVID-19. BPAY® is the fastest and easiest way to apply and is recommended by the Share Registry in light of delays to postal services caused by the COVID-19 pandemic. Please ensure you allow for potential delays if you plan to return your Entitlement and Acceptance Form by mail.

The Company will treat you as applying for as many New Shares as your payment will pay for in full. The Company's decision on the number of New Shares to be issued to you will be final.

# 9.3.2 Take up part of your Entitlement

Eligible Retail Shareholders may accept their Entitlement in part and allow the balance to lapse.

If you wish to take up only a part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares that you wish to apply for and follow the other steps in accordance with Section 9.3.1.

You may arrange for payment through BPAY® or by cheque or bank draft in accordance with the instructions on the Entitlement and Acceptance Form. If the Company receives an amount that is less than the Issue Price multiplied by your Retail Entitlement (**Reduced Amount**), your payment will be treated as an Application for as many New Shares as your Reduced Amount will pay for in full.

If you do not take up all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Retail Entitlement Offer may be offered under the Shortfall Offer or issued to the Lead Manager. See Section 9.4 for further details.

# 9.3.3 Apply for Additional Shares

Eligible Retail Shareholders (other than Directors and any other related parties of the Company) who have applied for their full Entitlement may apply for Additional Shares in excess of their Entitlement, capped at a maximum of 50% of their Entitlement under the Top Up Facility. By way of example, if an Eligible Retail Shareholder holds 1,000 Shares they will be entitled to 2,000 New Shares under the Retail Entitlement Offer. If they apply for the 2,000 New Shares they will also be entitled to apply for 1,000 Additional Shares under the Top Up Facility.

If you wish to accept all of your Entitlement and also apply for Additional Shares under the Top Up Facility, complete the accompanying Entitlement and Acceptance Form for New Shares and also Additional Shares in accordance with the instructions set out in the form. Payment for any Additional Shares must be made in the same manner as described in Sections 9.5.1 or 9.5.2 of the Prospectus.

In order to apply for Additional Shares under the Top Up Facility you must be an Eligible Shareholder and must have first taken up your Entitlement in full.

Amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) will be treated as an Application to apply for as many additional Shares as your Excess Amount will pay for in full.

If you apply for Additional Shares under the Top Up Facility and your Application is successful (in whole or in part), your Additional Shares will be issued at the same time that other New Shares are issued under the Retail Entitlement Offer.

The right to receive Additional Shares which are in excess of an Eligible Retail Shareholder's Entitlement will be determined by the Directors at their sole discretion.

Eligible Retail Shareholders who apply for Additional Shares which are in excess of their Entitlement may not be issued any or all of those excess Additional Shares applied for.

It is possible that there will be few or no Additional Shares available for issue, depending on the level of take up of Entitlements by Eligible Retail Shareholders. There is also no guarantee that in the event Additional Shares are available for issue, they will be allocated to all or any of the Eligible Retail Shareholders who have applied for them. The Company shall allot and issue any Additional Shares under the Top Up Facility in accordance with the allocation policy set out in Section 7.3 of this Prospectus.

It is an express term of the Retail Entitlement Offer that Applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for if so allocated. If a lesser number of Additional Shares is allocated to them than applied for, excess Application Monies will be refunded without interest.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the Closing Date of the Retail Entitlement Offer.

The Directors reserve the right to scale back any applications for Additional Shares in their absolute and sole discretion.

Eligible Retail Shareholders who apply for Additional Shares should note that the Company will not allocate or issue New Shares under the Top Up Facility where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law. Eligible Retail Shareholders wishing to apply for Additional Shares under the Top Up Facility must consider whether or not the issue of the Additional Shares applied for would breach the Corporations Act, the Listing Rules or any other relevant regulation or law having regard to their own circumstances.

# 9.4 Entitlements not taken up and Ineligible Shareholders

If you are an Eligible Shareholder and you do not wish to take up your Entitlement, do nothing.

If you do nothing, or if you are an Ineligible Shareholder, the New Shares representing your Entitlement will form part of the Shortfall.

Eligible Shareholders who do not take up their Entitlements in full, and Ineligible Shareholders, will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in the Company after implementation of the Entitlement Offer.

If you have any doubt about how you should deal with your Entitlements, you should seek professional advice from an adviser who is licensed by ASIC to give that advice before making any investment decision.

# 9.5 Payment

You can pay in the following ways:

- (a) by BPAY®; or
- (b) by cheque or bank draft.

Cash payments will not be accepted. Receipts for payment will not be issued. The Company will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement and any Additional Shares up to the cap. Any Application Monies received for more than your Entitlement to New Shares including any Additional Shares up to the cap will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

### 9.5.1 **BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than 1 personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of 1 of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies; and
- (c) if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares up to the cap which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Perth time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

No interest will be paid on any application monies received or refunded.

# 9.5.2 Payment by cheque/bank draft

For payment by cheque or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to "Gascoyne Resources Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's Share Registry at the addresses below no later than 5.00pm (Perth time) on the Closing Date.

| Mailing address  | Hand delivery address                  |
|------------------|--|
| PO Box 1156      | Advanced Share Registry Limited        |
| Nedlands WA 6909 | 110 Stirling Highway, Nedlands WA 6009 |

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

Please note that there may be delays in receiving or returning Entitlement and Acceptance Forms by mail due to the impacts of COVID-19. BPAY® is the fastest and easiest way to apply and is recommended by the Share Registry in light of delays to postal services caused by the COVID-19 pandemic. Please ensure you allow for potential delays if you plan to return your Entitlement and Acceptance Form by mail.

# 9.6 Rights attaching to Shares

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7.20 for further information regarding the rights and liabilities attaching to the Shares.

# 9.7 Acknowledgements

Each Applicant under the Entitlement Offer will be deemed to have:

- if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- agreed to be bound by the terms of the Entitlement Offer and Shortfall Offer, the provisions of this Prospectus and the Constitution;
- declared that all details and statements in their Application Form are complete and accurate:
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company receives an Application Form, it may not be withdrawn:
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;

- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all:
- authorised the Company, the Lead Manager, the Co-Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Offers);
- acknowledged and agreed that the Entitlement Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if re-listing does not occur for any reason, the Entitlement Offer will not proceed.

Each Applicant, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- if participating in the Institutional Entitlement Offer, it is an Eligible Institutional Shareholder;
- it has not sent and will not send the Prospectus or any other material relating to the Offers to any person in the United States;
- if participating in the Retail Entitlement Offer, it is outside and United States and is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S;
- if acting as a nominee or custodian,
  - each beneficial Shareholder on whose behalf the Application is submitted is an Eligible Shareholder;
  - you have only sent this Prospectus and the Application to such beneficial Shareholders; and
- it will not offer or sell the Shares in the United States except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and US state securities laws.

# 10 Investigating Accountant's Report











13 August 2020

The Directors
Gascoyne Resources Limited
Level 1, 41-47 Colin Street
West Perth WA 6872

**Dear Directors** 

# INDEPENDENT LIMITED ASSURANCE REPORT

# 1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Gascoyne Resources Limited ('Gascoyne Resources' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of Gascoyne Resources, for the public offering of shares in Gascoyne Resources, for inclusion in the Prospectus ('Prospectus').

Broadly, the Prospectus will offer:

- an accelerated non-renounceable entitlement offer of 2 new fully paid ordinary shares in the Company ('New Shares') for every 1 fully paid ordinary shares in the Company held by Eligible Shareholders at an issue price of \$0.025 per New Share to raise approximately \$50 million ('Entitlement Offer');
- an offer of 1,400,000,000 New Shares (being such number of shares as is equal to \$35 million at the issue price of \$0.025 per New Share) ('Placement Offer');
- an offer of 480,000,000 New Shares to NRW Pty Ltd ('NRW') (being such number of shares as is equal to \$12 million at the issue price of \$0.025 per New Share) ('NRW Offer');
- an offer of 120,000,000 New Shares to the Trustee of the Creditors' Trust in accordance with the terms of the DOCA ('Creditors' Trust Offer'); and
- an offer of 10,000,000 New Shares (**Bonus Shares**) to be issued to Richard Hay (or his nominee) in connection with his employment contract.

(collectively the 'Offers').

The Prospectus is also being issued for the purpose of section 708A(11) of the *Corporations Act* 2001 (Cth) ('Corporations Act') to remove any trading restrictions on the sale of New Shares issued by the Company pursuant to the Placement and Bonus Shares.

Expressions defined in the Prospectus have the same meaning in this Report.

BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('FSG') has been included in this Report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

# 2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

You have requested BDO to review the following historical financial information of Gascoyne Resources included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the years ended 30 June 2018 and 30 June 2019;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the half years ended 31 December 2018 and 31 December 2019; and
- the reviewed historical Statement of Financial Position as at 31 December 2019.

(together the 'Historical Financial Information')

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial report of Gascoyne Resources for the half years ended 31 December 2018 and 31 December 2019 and for the years ended 30 June 2018 and 30 June 2019, which was audited by Grant Thornton Australia Limited ('Grant Thornton') in accordance with the Australian Auditing Standards.

Grant Thornton issued an unmodified audit opinion on the financial reports for Gascoyne Resources for the years ended 30 June 2018 and 30 June 2019. Grant Thornton issued an unmodified review opinion on the financial report of Gascoyne Resources for the half years ended 31 December 2018 and 31 December 2019.

In the 30 June 2019 audit and 31 December 2018 and 31 December 2019 review conclusions, Grant Thornton included an emphasis of matter relating to the material uncertainty around the ability to continue as a going concern and therefore the Company may be unable to realise its

assets and discharge its liabilities in the normal course of business. However, the review opinion and audit opinions were not modified in respect of this matter.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of Gascoyne Resources included in the Prospectus:

the pro forma historical Statement of Financial Position as at 31 December 2019.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Gascoyne Resources, after adjusting for the effects of the pro forma adjustments described in Section 4.6.2 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 4.6.2 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Gascoyne Resources to illustrate the impact of the events or transactions described in Section 4.6.2 of the Prospectus on Gascoyne Resources' financial position as at 31 December 2019. As part of this process, information about Gascoyne Resources' financial position has been extracted by Gascoyne Resources from Gascoyne Resources' financial statements for the half year ended 31 December 2019.

# 3. Directors' responsibility

The directors of Gascoyne Resources are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information to be free from material misstatement, whether due to fraud or error.

# 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

# 5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the Statement of Profit or Loss and Other Comprehensive Income and Statements of Cash Flow of Gascoyne Resources for the half years ended 31 December 2018 and 31 December 2019 and for the years ended 30 June 2018 and 30 June 2019; and
- the Statement of Financial Position of Gascoyne Resources as at 31 December 2019, the Statement of Profit or Loss and Other Comprehensive Income and Statements of Cash Flow of Gascoyne Resources for the half years ended 31 December 2018 and 31 December 2019 and for the years ended 30 June 2018 and 30 June 2019; and
- the Statement of Financial Position of Gascoyne Resources as at 31 December 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.7 of the Prospectus.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in Section 4.6 of the Prospectus, and comprising:

• the pro forma historical Statement of Financial Position of Gascoyne Resources as at 31 December 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.7 of the Prospectus.

# 6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

# 7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

# Yours faithfully

# BDO Corporate Finance (WA) Pty Ltd

**Sherif Andrawes** 

Director

## **APPENDIX 1**

### FINANCIAL SERVICES GUIDE

# 13 August 2020

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Gascoyne Resources Limited ('the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report/s') for inclusion in this Prospectus.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

## Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

# Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

### Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$30,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

During the last two years BDO Corporate Finance (WA) Pty Ltd and its related entities provided the following services to the Company:

- the preparation of valuation reports; fees for valuation engagements amounted to \$42,950 (exclusive of GST).
- the preparation of a tax review report with regard to the recapitalisation of the Company; fees for this engagement were \$18,025 (exclusive of GST)
- a remuneration review of market practice of peer companies as disclosed in the Annual Report; fees for this engagement were \$23,500 (exclusive of GST).

# Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Gascoyne Resources Limited for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

### Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001 Toll free: 1300 931 678

Website: www.afca.org.au

### Contact details

You may contact us using the details set out on page 1 of our Report.

11 Independent Experts Report (Technical Assessment)



# DALGARANGA GOLD PROJECT REVIEW OF 2020 DALGARANGA LIFE OF MINE PLAN

For

GNT RESOURCES PTY LTD (SUBJECT TO DOCA)

Job No. Doc No. Date: Prepared by: 5287\_M 6308Final July 2020 Cameron Legg, Marcus Jacobs Mining One Pty Ltd Level 9, 50 Market Street Melbourne VIC 3000 Ph: 03 9600 3588

Fax: 03 9600 3944



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# 1 EXECUTIVE SUMMARY

# 1.1 Commission and Scope

Mining One Consultants (Mining One) were commissioned by GNT Resources Pty Ltd (Subject to Deed of Company Arrangement "DOCA") (GNT) to conduct an initial high-level review of some aspects of the 2020 Life of Mine Plan (LOMP) that was limited to the review of pit optimisations, mine designs and scheduling, mining cost assumptions and cash flows related to mining only. The scope was later broadened to include a further review of the key assumptions that underpin the GNT 2020 LOMP and GNT Reserve Estimate. A parallel high-level Life of Mine Plan (M1 2020 LOMP) was developed and referenced to prepare this Independent Experts Report (Technical Assessment) or IER.

The report is to be included in a prospectus lodged by GNT with the Australian Securities and Investments Commission.

# 1.2 Project Summary

The Dalgaranga Gold Project comprises the Gilbey's area (Gilbey's, Gilbey's South, Sly Fox and Plymouth deposits) and the Golden Wings deposit. The project location is shown in Figure 1.1

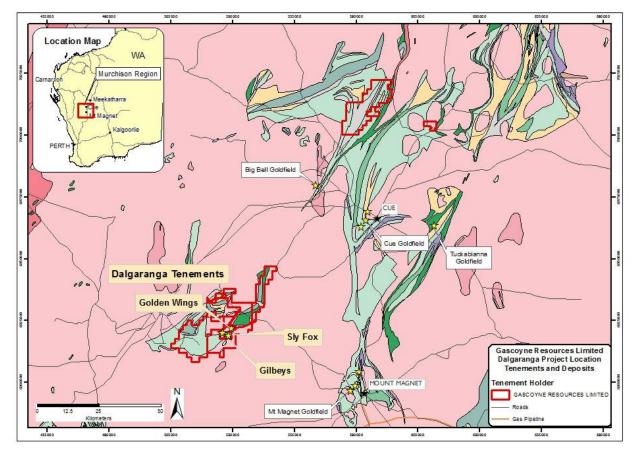


Figure 1-1 Dalgaranga Gold Project Location (source - GNT)



# 1.2.1 Review Findings

Mining One have reviewed the Reserve Estimate and Updated Life of Mine Plan (GNT 2020 LOMP). The mining factors and assumptions used in development of these plans are considered reasonable and the Reserve Estimate and Life of Mine Plan can be reasonably relied upon.

The review findings are summarised below:

# 1.2.1.1 **Geology**

- Reconciliation reviews were based on data collated and provided by Dalgaranga site staff. The reconciliation compared the Recoverable Resource Model (2019 and 2020 LUC models "OR") against the In-situ Grade Control Ore Blocks (GC) and the Declared Ore Mined (DOM).
- The data shows a good correlation between the OR and GC in gold ounces (Metal).
- Comparisons between the OR (2020 model) and DOM from Jan 2019 to May 2020, shows that OR (2020 model) would have overpredicted DOM gold ounces by 28%. There is a relative improvement in May 20, where it overpredicted DOM gold ounces by 13%.
- There are several reasons which could contribute to the OR overprediction of gold ounces (ore loss).
  - The main reason could be due to different ore types present at Dalgaranga which have historically shown to have varying degrees of gold recovery. This could be effecting the reconciliation factors due to blending during the milling process.
  - Other reasons could be explained during extraction (such as ore loss during blasting and mining processes).
- ➤ Based on these reconciliations of overpredicted gold ounces, additional unplanned ore loss of 5% (effective overall ore loss of ~10%) has been accounted for in the OR, as part of the LOMP mine plan.
- ➤ There is potential for future ore loss to be above expected levels, however with mining progressing further into the "bulk" of the ore zone Gilbeys Main Zone "GMZ" these occurrences are expected to reduce. This improved performance is demonstrated in recent monthly reconciliations.

# 1.2.1.2 Processing

- Plant recovery modelling was performed for the Dalgaranga gold mine based on plant data from January 2019. The recovery relationships used in the GNT 2020 LOMP are based on a flat recovery, with a discount for more difficult ore types.
- ➤ A review of recovery with associated ore blend by-day information may lead to an improved recovery relationship that distinguishes between pits and permit updates to the ore type fixed recovery coefficients from the Feasibility study.
- > A fixed tail model may provide a closer correlation with existing and future gold recovery predictions.
- No significant issues were identified in the process plant gold reconciliation or operating cost estimate.



Process performance could be improved by focussing on reducing tailings solution concentration and closer adherence to the target grind size.

# 1.2.1.3 Mining

- Allowable number of mining units per bench has been limited by elevation, with a reduction in the number of digging units per bench at lower elevations.
- A maximum production limit has been applied per period; this rate is consistent with the mining production currently achieved.
- Excavator mining rates have been benchmarked to be in the upper region of the expected range. New primary mining fleet is proposed, and further allowance has been made for additional fixed costs for any potential in mining extension.
- Although no limit has been applied to the vertical rate of advance, the bench turn-over approximates 100m per annum.

## 1.2.1.4 Geotech

- Minor non-conformances to slope design recommendations were present in Stage 1 and 2 and several stability issues in the assessed areas were identified.
- ➤ Generally the GNT Stage 3 design complied with the recommended slope configurations, however in the preliminary design three geotechnical domains were steeper than recommended design options, namely Hanging Wall B (HW-B), and Footwall A and Footwall C (FW-A & FW-C) which may cause an underestimation the amount of waste stripping required. Allowance for potential additional waste mining has been made.
- The maximum recommended slope height down to 160mRL was exceeded by about 30m (130mRL), plans are in place to conduct further stability assessment.

# 1.2.1.5 Mining Costs

Mining costs are based on a four-year mine life using what are understood to be close to expected mining contractor costs and best-case production rates.

# 1.2.1.6 Cash flows

- ➤ Cash Flows for the GNT 2020 LOMP were based on a \$AUD2,550/oz gold price and the Reserve estimate based on \$2,100/oz (Reserve Estimate short-term forecast for 2020 only is \$AUD2,550/oz and \$2,100 thereafter).
- ➤ In the Gilbeys project area, additional fixed and variable mining costs have been incorporated to allow for a potential increase in waste movement due to correction of the non-compliant Stage 3 design.
- > The proposed production outlook is somewhat dependent on the planned mining production rates, partially mitigated by existing and future stockpiles. Mobilisation of additional fleet maybe required should excavator mining rates not be achieved.

# 1.2.2 Parallel Evaluation

Mining One's parallel high-level plan (M1 2020 LOMP) used a larger (un-optimised) Stage 3 pit design that contained more waste than the GNT Stage 3 design. The additional waste combined with slower mining production rates were also assumed by Mining One resulting in an increase in mining operations from about 4 to 5.8 years. The increase in mine life directly impacts costs and

# GNT RESOURCES PTY LTD (SUBJECT TO DOCA) DALGARANGA PROJECT - LIFE OF MINE PLAN REVIEW



reduces projected cash flows. In general, the analysis indicated that the M1 2020 LOMP had a reasonable likelihood of an overall positive NPV<sub>7.5</sub> (assumed Gold Price of \$AUD2,550/oz).

The analysis also indicated that an effective 15% ore loss could be sustained under the LOMP Gold Price assumptions (\$2,550/oz). This reflects recent reconciliation performance (ore loss of 13%).

A comparison between the M1 and GNT LOMPs recovered mill ounces are considered reasonable:

- 434koz at 10% ore loss; 413koz at 15% ore loss and 391koz at 20% ore loss M1 2020 LOMP;
- 400koz GNT 2020 LOMP.



# 2 INTRODUCTION

# 2.1 Commission and Scope

This report has been prepared to provide a summary of findings following an initial high-level review of the 2020 Dalgaranga Life of Mine Plan (LOMP) limited to some aspects of the 2020 Life of Mine Plan (LOMP) that was limited to the review of pit optimisations, mine designs and scheduling, mining cost assumptions and cashflows related to mining only. Later a more detailed review of the key assumptions that underpin the LOMP, and parallel high-level mine plan was created.

GNT Resources Pty Ltd (Subject to DOCA) (GNT or the Company) initially engaged Mining One Ltd (Mining One) to complete a high-level review that was later revised to be a further review of the 2020 LOMP and prepare a IER for inclusion in a prospectus to be lodged by the Company with the Australian Securities and Investments Commission (Prospectus).

The Report has been prepared independently and in accordance with the VALMIN Code. The VALMIN Code is the Code and Guidelines for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. This report is an Independent Expert Report (Technical Assessment) as defined in the VALMIN Code.

The mineral assets relevant to this report is the operating Dalgaranga Gold Project, an operating mine, comprising the Gilbey's area (Gilbey's, Gilbey's South, Sly Fox and Plymouth deposits) and the Golden Wings deposit.

This report has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guide 111 and 112 (ASIC, 2011)

# 2.2 Authors of the Report

This IER has been prepared by team members of Mining One consultants who are considered Competent Persons as defined in the JORC Code (2012) for this report. They are suitably qualified, experienced and are members of relevant professional organisations with enforceable disciplinary processes.

The Competent Person's and areas of responsibility in this report are outlined below:

- Principal author: Mr Marcus Jacobs who is a Principal Mining Engineer BEng with over 20 years' experience and a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM).
- Contributing author: Mr Cameron Legg is a Senior Mining Engineer BEng with over 15 years' experience and a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM).
- Contributing author: Mr Doug Corley is a Principal Resource Geologist BSc with over 29 years' experience and a Member of Member of the Australian Institute of Geoscientists (MAIG RP Geo (Mining)).
- Contributing author: Dr Kevin Rees is a Principal Process Engineer with over 20 years' experience and a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM CP (Met)).



Reviewer: Mr Dean Basile is a Principal Mining Engineer with over 25 years' experience and a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM CP (Min)).

The information in this report which relates to Mining Engineering is based on the information compiled and conclusions drawn by Mr Marcus Jacobs and Mr Cameron Legg, full time employees of Mining One. Mr Jacobs and Mr Legg are both appropriately qualified and experienced to act in the following capacities:

- ➤ A Competent Person as defined by the JORC Code (2012), and
- > An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

The information in this report which relates to Mineral Resources is based on the information compiled and conclusions drawn by Mr Doug Corley, a full-time employee of Mining One. Mr Corley is appropriately qualified and experienced to act in the following capacities:

- ➤ A Competent Person as defined by the JORC Code (2012), and
- ➤ An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

The information in this report which relates to Mineral Processing is based on the information compiled and conclusions drawn by Dr Kevin Rees, a casual employee of Mining One. Dr Rees is appropriately qualified and experienced to act in the following capacities:

- > A Competent Person as defined by the JORC Code (2012), and
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

# 2.3 Independence

Mining One is an independent private company which provides consulting services to the mining and mineral exploration industries. Mining One does not have any material interest in GNT or the mineral properties in which GNT has an interest.

Whilst the JORC Code does not require a person to be "independent", there is a need for a Competent Person to fulfil their professional obligations separate from the commissioning entity. Mr Jacobs, Mr Legg, Mr Corley and Dr Rees do not have any significant pecuniary or beneficial interest in GNT Resources Pty Ltd (Subject to DOCA), nor in the outcome of this Report.

# 2.4 Fees

For the preparation of this report fees are being charged to GNT at a commercial rate, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately AUD\$60,000.

# 2.5 Reliance on Information

GNT Resources Pty Ltd (Subject to DOCA) has given Mining One assurances that to the best of its knowledge and understanding, complete, accurate and true disclosure has been made to



Mining One of all material information relevant to the projects described in this Report. Mining One makes no representation and gives no warranty as to the accuracy or completeness of the information that it has relied on.

### 2.6 Consent

Mr Jacobs, Mr Legg, Mr Corley and Dr Rees of Mining One consent to the publication of this Independent Experts Report (Technical Assessment) for inclusion in the Prospectus to be lodged by GNT Resources Pty Ltd (Subject to DOCA). Neither Mining One's Report, nor any part of it, nor any reference to it, may be used for any other purpose without the written consent of Mining One.

# 2.7 Disclaimer

This document contains certain statements that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements.

# 2.8 Forward Looking Statements

The materials may include forward looking statements. Forward looking statements inherently involve subjective judgement, and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and may be unknown to, the company.

Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on forward looking statements.

Any forward-looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, the company does not undertake any obligation to publicly update or revise any of the forward-looking statements, changes in events, conditions or circumstances on which any statement is based.

# 2.9 Competent Person's Statement

The information that relates to the technical review of the data provided for the 2020 Dalgaranga Life of Mine Plan, which has been compiled by Mr Marcus Jacobs who is a Member of the Australasian Institute of Mining and Metallurgy and is deemed a Competent Person.

Mr Jacobs has sufficient experience with the type and style of mineralisation of the project under consideration and to activities being undertaken as to qualify as Practitioner as defined in the 2015 edition of the "Australasian Code for the public reporting of technical assessments and valuations of Mineral Assets'. Mr Jacobs is also deemed a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Jacobs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



# 2.10 Site Visit

A site visit was undertaken to the Dalgaranga Gold Project by Marcus Jacobs between 9 and 26 June 2019.

# 2.11 Location of Project

The Dalgaranga Gold Project is located approximately 70km by road North West of Mt Magnet in the Murchison gold mining region of Western Australia. Gilbeys Open Pit is currently being mined with a proposed length of 1.1 km, width of 0.4 km, and 300 m depth.

The project layout is shown in Figure 2-1

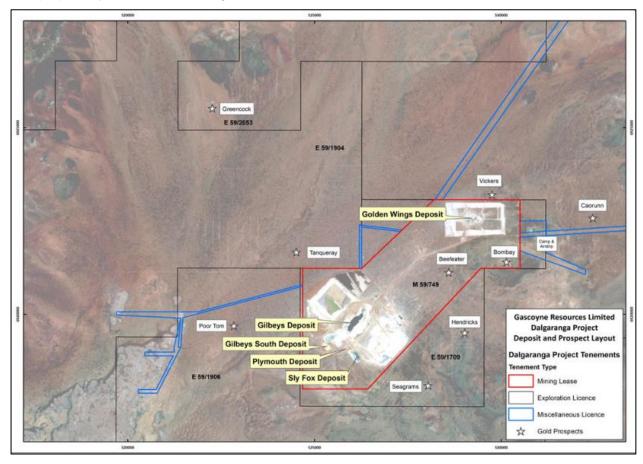


Figure 2-1 Dalgaranga Gold Project Layout (source - GNT)



### 3 DALGARANGA GOLD PROJECT

#### 3.1 Data Review

Initial reviews were to be conducted on only some aspects of the 2020 LOMP including:

- 1. Review of Optimisation:
  - a. Input parameters (costs, modifying factors, process recoveries, G&A, GC costs, geotechnical, selling prices, royalties, costs, rehabilitation costs & discount rate) and
  - b. Outputs and their applicability to designs.
- 2. Review of Mine designs and Scheduling:
  - a. Existing Gilbeys stage designs (1-3) planned to be used in the LOMP and new (potential stage 2A and 4 at Gilbeys) designs based on selected Whittle shells.
  - b. Golden Wings design
  - c. Review Table 1
  - d. Preliminary and final mining schedules (both Gilbeys and Golden Wings).
- 3. Review of Mining Cost assumptions:
  - a. Mining costs as part of Optimisation inputs 1(a) above and before inclusion into the cashflow model.
  - b. Conduct spot checks on cycle times for truck hours and costs using Talpac (not completed).
- 4. Cashflow reviews:
  - a. Review of mining related costs only
- 5. Participation in meetings as required and a report.

For the IER it was agreed with GNT that a parallel high-level mine plan to that undertaken by GNT would be run by Mining One. Providing no significant unreasonable grounds were identified, Mining One would then report the differences between the results of the GNT 2020 LOMP and the Mining One evaluation as a range of reasonable outcomes.

At the time of engagement Mining One considered that the review of the following data was critical to the approach and was requested from GNT:

- > The Gilbeys resource model used in 2020 LOMP.
- July-19 to May-20 mine production reconciliation by month using the Gilbeys Resource Model
- Data supporting process recoveries

The following section is a summary of the review of the above critical inputs in the optimisation and mine planning processes used in the 2020 LOMP.



### 3.1.1 Mineral Resource Model - Gilbeys

The Mineral Resource Model (the 2020 Model) for Gilbeys by Cube Consulting Pty Ltd (Cube) is the key element used in the 2020 LOMP and it is that on which pit optimisations were undertaken to determine optimal pit shells, pit designs, and subsequently form the basis for mine schedules and cashflows for the evaluation.

The reconciliation of mining results to resource model estimations is an important step that may be used to guide the prediction of future performance and Mining One's analysis is outlined in the following section.

### 3.1.1.1 Mining Reconciliation

To help estimate the mining dilution and mining recovery (ore loss) at Gilbeys, Mining One reviewed the resource model report for the 2019 model (Ref.1) and monthly reconciliation data (Monthly reports July 2019 to May 2020) with a further select review of the 2020 model (Ref.2). A series of reconciliation factors were generated when comparing predicted and actual data sets. A factor of 1 represents an exact correlation, while a factor greater than 1 indicates the actual was higher than the prediction, and visa-versa.

Later, the performance of the latest LUC model was assessed over the same period comparing Declared Ore Mined (DOM) against the 2020 Ore Reserve (OR) model and is shown in Figure 3.1. Over the reported period the 2020 Model would have overpredicted DOM gold ounces by an extra 25% to the 2019 Model Total (0.69/0.93) and 22% in Jan-20 to May-20 (0.72/0.92).

|                  | DOM vs OR ( | (2019) |          |       | DOM vs OR (2020) |        |          |       |      |
|------------------|-------------|--------|----------|-------|------------------|--------|----------|-------|------|
|                  | BCM         | Tonnes | Au Grade | Au Oz | ВСМ              | Tonnes | Au Grade | Au Oz |      |
| Jul-19           | 1.33        | 1.33   | 0.83     | 1.10  | 1.10             | 1.06   | 0.68     | 0.72  |      |
| Aug-19           | 1.18        | 1.18   | 0.77     | 0.91  | 1.19             | 1.11   | 0.63     | 0.70  |      |
| Sep-19           | 0.98        | 0.98   | 0.87     | 0.86  | 0.81             | 0.79   | 0.77     | 0.61  |      |
| Oct-19           | 1.19        | 1.19   | 0.78     | 0.94  | 1.01             | 0.93   | 0.67     | 0.62  |      |
| Nov-19           | 1.22        | 1.22   | 0.87     | 1.07  | 1.20             | 1.09   | 0.65     | 0.71  |      |
| Dec-19           | 0.99        | 0.99   | 0.79     | 0.78  | 1.22             | 1.08   | 0.65     | 0.69  |      |
| Jan-20           | 1.03        | 1.03   | 0.80     | 0.82  | 1.19             | 1.05   | 0.69     | 0.73  |      |
| Feb-20           | 1.01        | 1.01   | 0.83     | 0.83  | 1.09             | 0.96   | 0.73     | 0.69  |      |
| Mar-20           | 0.96        | 0.97   | 0.79     | 0.77  | 0.83             | 0.84   | 0.66     | 0.56  |      |
| Apr-20           | 1.02        | 1.01   | 1.10     | 1.11  | 0.92             | 0.94   | 0.83     | 0.78  |      |
| May-20           | 1.11        | 1.11   | 1.05     | 1.17  | 1.01             | 1.08   | 0.81     | 0.87  |      |
|                  |             |        |          |       |                  |        |          |       |      |
| TOTAL            | 1.09        | 1.08   | 0.86     | 0.93  | 1.04             | 0.99   | 0.70     | 0.69  | -25% |
|                  |             | _      | _        |       |                  |        |          |       |      |
| Jan 20 to May 20 | 1.02        | 1.02   | 0.91     | 0.92  | 1.00             | 0.96   | 0.75     | 0.72  | -22% |

Figure 3-1 Gilbeys Mining Reconciliation Factors against the Recoverable Resource or Ore Reserve (OR) Models (2019 & 2020) July 2019 to May 2020

Figure 3.2 graphically illustrates the mining reconciliation Factors with the 2020 Model over the eleven (11) months and shows that:

- > DOM Tonnes are close to 1 or the same as predicted
- > DOM Au grade (g/t) is about 20-30% lower than predicted
- DOM Au ounces (oz) are about 15-30% lower than predicted and



Recent results demonstrate a relative improvement of the shortfall in DOM Au ounces to predicted, reducing to 13% (0.87 DOM metal vs OR metal) in May-20.

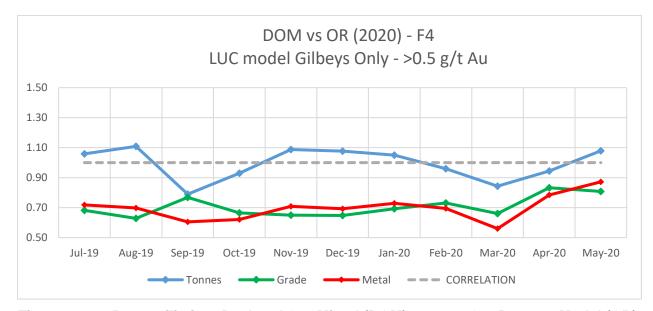


Figure 3-2 Reconciliation: Declared Ore Mined (DOM) vs 2020 Ore Reserve Model (OR)

For the sake of clarity, comparing reconciliation results over the period Jul-19 to March-20 (as reported in Table 12-13 of the 2020 model report (Ref.2) (Figure 3.4), the 2020 Model would overpredict DOM gold ounces by an extra 13% to the 2019 Model Total (0.77/0.89) and 19% in Jan-20 to Mar-20 (0.65/0.81).

|                  | DOM vs OR | DOM vs OR (2019) |          |       |      | DOM vs OR (2020) |          |       |      |  |
|------------------|-----------|------------------|----------|-------|------|------------------|----------|-------|------|--|
|                  | BCM       | Tonnes           | Au Grade | Au Oz | BCM  | Tonnes           | Au Grade | Au Oz |      |  |
| Jul-19           | 1.33      | 1.33             | 0.83     | 1.10  | 1.10 | 1.06             | 0.68     | 0.72  |      |  |
| Aug-19           | 1.18      | 1.18             | 0.77     | 0.91  | 1.19 | 1.11             | 0.63     | 0.70  |      |  |
| Sep-19           | 0.98      | 0.98             | 0.87     | 0.86  | 0.81 | 0.79             | 0.77     | 0.61  |      |  |
| Oct-19           | 1.19      | 1.19             | 0.78     | 0.94  | 1.01 | 0.93             | 0.67     | 0.62  |      |  |
| Nov-19           | 1.22      | 1.22             | 0.87     | 1.07  | 1.20 | 1.09             | 0.65     | 0.71  |      |  |
| Dec-19           | 0.99      | 0.99             | 0.79     | 0.78  | 1.22 | 1.08             | 0.65     | 0.69  |      |  |
| Jan-20           | 1.03      | 1.03             | 0.80     | 0.82  | 1.19 | 1.05             | 0.69     | 0.73  |      |  |
| Feb-20           | 1.01      | 1.01             | 0.83     | 0.83  | 1.09 | 0.96             | 0.73     | 0.69  |      |  |
| Mar-20           | 0.96      | 0.97             | 0.79     | 0.77  | 0.83 | 0.84             | 0.66     | 0.56  |      |  |
| TOTAL            | 1.09      | 1.09             | 0.81     | 0.89  | 1.02 | 0.95             | 0.81     | 0.77  | -13% |  |
|                  |           |                  |          |       |      |                  |          |       |      |  |
| Jan-20 to Mar-20 | 1.00      | 1.00             | 0.81     | 0.81  | 1.02 | 0.94             | 0.69     | 0.65  | -19% |  |

Figure 3-3 Gilbeys Mining Reconciliation Factors against the Recoverable Resource Model July 2019 to May 2020



Table 12-13 Gilbeys reconciliation against the Recoverable Resource model (July 2019 to March 2020)

| _  |   |   |   |  |  | >0.   | 5g/t A  | u  |   |   |  |   |        |            |
|--|---|---|---|--|--|---|---|--|---|---|--|---|--------|------------|
| Period   | DECLARED ORE MINED (DOM) Reconciled Mined - excludes material pulside of digitiocks.  Digitiacks - constricted using GC model and isoshells |   |   |  | 100  | ORE RESERVE (OR) Recoverable Resource                       |   |  |   | Reported  |  |   |        |            |
| 1,000  | Volume<br>(BCM)   | Tonnes (t)  | Grade<br>(g1 Au)  | Ounces<br>(oz)   | Volume<br>(BCM)  | Tonnes<br>(t)   | Grade<br>(pt Au)  | Ounces<br>(oz)   | Volume<br>(BCM)   | Tonnes<br>(t)   | Grade<br>(g/t Au)  | Ounces<br>(oz)  | method | Cut-aff    |
| Jul-19   | 101,101   | 222,421   | 0.88  | 6,267  | 95,212   | 209,467   | 0.93  | 6,250  | 76,079  | 167,373   | 1.06   | 5.710   | LUC    | >0.5g/t At |
| Aug-19   | 114,398   | 251,675   | 0.77  | 6,244  | 109,789  | 241,536   | 0.93  | 7,250  | 96,568  | 212,449   | 1.00   | 6,325   | LUC    | 10.5g/t A  |
| Sep-19   | 78,500  | 172,720   | 0.80  | 4,934  | 75,760   | 166,891   | 0.06  | 6.074  | 80,023  | 178,060   | 1.02   | 6,740   | LUC    | 30.5g/t A  |
| Oct-19   | 79,122  | 174,009   | 0.80  | 4,495  | 75,355   | 165,782   | 0.92  | 4,928  | 68,425  | 146,134   | 1.02   | 4,801   | LUC    | >0.5g/t A  |
| Nov-19   | 101,766   | 223,885   | 0.75  | 5,489  | 91,968   | 202,329   | 0.94  | 6.093  | 83,678  | 184,092   | 0.87   | 5.125   | LUC    | >0.5g/t /h |
| Dec-19   | 89,310  | 196,483   | 0.67  | 4,202  | 87,637   | 192,802   | 0.83  | 5.172  | 89,765  | 197,484   | 0.85   | 5,396   | LUC    | 10.5g/t a  |
| Jan-20   | 100,342   | 220,751   | 0.82  | 5.826  | 96,180   | 211,596   | 1.00  | 6,817  | 97,813  | 215,188   | 1.03   | 7,151   | LUC    | >0.5g/t A  |
| Feb-20   | 99,317  | 218,498   | 0.88  | 6,195  | 102,510  | 225,521   | 1.06  | 7,670  | 99,168  | 218,169   | 1.06   | 7,420   | LUC    | >0.5g/(A   |
| Mar-20   | 93,489  | 223,706   | 0.82  | 5,927  | 90,445   | 231,549   | 1.06  | 7.873  | 91,336  | 234,311   | 1.01   | 7,622   | LUC    | >0.5g/t At |
| Total  | 857,353   | 1,904,207   | 0.81  | 49,579   | 824,866  | 1,847,273   | 0.96  | 57,131   | 780,854   | 1,751,250   | 0.99   | 55,799  |        |            |
| R  |   |   |   |  | M  | etrics  |   |  |   |   |  |   |        |            |
|  |   |   |   |  |  |   |   |  |   |   |  |   |        |            |
| i v  |   | DOM vs.   | GC  |  |  | GC vs.  | OR  |  |   | DOM vs  | OR   |   | 1      |            |
| Period   | Volume<br>(BCM)   | Tornes  | Grade   | Ounces<br>(02)   | Volume<br>(BCM)  | Tonnes  | Grade   | Ounces<br>(oz)   | Volume<br>(BCM)   | Tonnes  | Grade  | Ounce's   |        |            |
| 0.3000   | (BCM)   | Tornes<br>(t)   | Grade<br>(gt Au)  | (02)   | (BCM)  | Tonnes<br>(t)   | Grade<br>(g/t Au)   | (oz)   | (BCM)   | Tonnes<br>(t)   | Grade<br>(g/t Au)  | (oz)  |        |            |
| Jul-19   | (BCM)<br>106%   | Tornes  | Grade   |  | 7332131  | Tonnes  | Grade   | (0Z)<br>109%   | (BCM)<br>133%   | Tonnes<br>(t)<br>133%   | Grade<br>(git Au)<br>83%   | (oz)<br>110%  |        |            |
| Jul-19<br>Aug-19   | (BCM)   | Tornes<br>(1)<br>106%   | Grade<br>(gt Au)<br>94%   | (02)<br>100%   | (BCM)<br>125%  | Tonnes<br>(t)<br>125%                                       | Grade<br>(g/t Au)<br>87%                                    | (oz)   | (BCM)   | Tonnes<br>(t)   | Grade<br>(g/t Au)  | (oz)  |        |            |
| Jul-19   | (BCM)<br>106%<br>104%   | Tornes<br>(1)<br>106%<br>104%                                 | Grade<br>(g1 Au)<br>94%<br>83%                                    | (02)<br>100%<br>86%                                    | (BUM)<br>125%<br>114%                                      | Tonnes<br>(t)<br>125%<br>114%                               | Grade<br>(pt Au)<br>87%<br>93%                              | (oz)<br>109%<br>106%                                       | (BCM)<br>133%<br>110%                                       | Tonnes<br>(t)<br>133%<br>118%                                       | Grade<br>(git Au)<br>83%<br>77%                                  | (oz)<br>110%<br>91%                                     |        |            |
| Jul-19<br>Aug-19<br>Sop-19   | (BCM)<br>106%<br>104%<br>104%<br>105%   | Tornes<br>(1)<br>106%<br>104%<br>104%<br>105%                 | Grade<br>(g1 Au)<br>94%<br>83%<br>94%                             | (02)<br>100%<br>86%<br>97%                             | (BCM)<br>125%<br>114%<br>96%<br>113%                       | Tonnes<br>(t)<br>125%<br>114%<br>96%<br>113%                | Grade<br>(pt Au)<br>87%<br>93%<br>93%<br>96%                | (0Z)<br>199%<br>198%<br>88%<br>193%                        | (BCM)<br>133%<br>110%<br>98%<br>119%                        | Tonnes<br>(t)<br>133%<br>118%<br>98%<br>119%                        | Grade<br>(pt Au)<br>83%<br>77%<br>87%<br>78%                     | (oz)<br>110%<br>91%<br>86%<br>94%                       |        |            |
| Jul-19<br>Aug-19<br>Sop-19<br>Oct-19                               | (BCM)<br>106%<br>104%<br>104%   | Torries<br>(1)<br>106%<br>104%                                | Grade<br>(g1 Au)<br>94%<br>83%<br>94%<br>87%                      | (02)<br>100%<br>86%<br>97%<br>91%                      | (BCM)<br>125%<br>114%<br>96%                               | Tonnes<br>(t)<br>125%<br>114%<br>95%                        | Grade<br>(pt Au)<br>87%<br>93%<br>93%                       | (oz)<br>199%<br>198%<br>88%<br>193%<br>119%                | (BCM)<br>133%<br>110%<br>98%                                | Tonnes<br>(t)<br>133%<br>118%<br>98%                                | Grade<br>(pt Au)<br>83%<br>77%<br>87%                            | (0Z)<br>110%<br>91%<br>86%                              |        |            |
| Jul-19<br>Aug-19<br>Sep-19<br>Oct-19<br>Nov-19<br>Dec-19           | (BCM)<br>106%<br>104%<br>104%<br>105%<br>111%   | Tornes<br>(1)<br>106%<br>104%<br>104%<br>105%<br>111%         | Grade<br>(g1 Au)<br>94%<br>83%<br>94%<br>87%<br>81%               | (02)<br>100%<br>86%<br>97%<br>81%<br>90%               | (BCM)<br>125%<br>114%<br>96%<br>113%<br>110%               | Tonnes<br>(t)<br>125%<br>114%<br>96%<br>113%<br>110%        | Grade<br>(pt Au)<br>87%<br>93%<br>93%<br>90%<br>108%        | (0Z)<br>199%<br>198%<br>88%<br>193%                        | (BCM)<br>133%<br>110%<br>98%<br>119%<br>122%                | Tonnes<br>(t)<br>133%<br>118%<br>98%<br>119%<br>122%                | Grade<br>(pt Au)<br>83%<br>77%<br>87%<br>79%<br>88%              | (oz)<br>110%<br>91%<br>86%<br>94%<br>107%               |        |            |
| Jul-19<br>Aug-19<br>Sep-19<br>Oct-19<br>Nov-19                     | (BCM)<br>106%<br>104%<br>104%<br>105%<br>111%<br>102%<br>104%   | Torries<br>(1)<br>106%<br>104%<br>104%<br>105%<br>111%        | Grade<br>(g1 Au)<br>94%<br>83%<br>94%<br>87%<br>81%<br>80%        | (02)<br>100%<br>86%<br>97%<br>91%<br>90%<br>81%        | (BCM)<br>125%<br>114%<br>96%<br>113%<br>110%<br>98%        | Tonnes<br>(1)<br>125%<br>114%<br>96%<br>113%<br>110%<br>90% | Grade<br>(git Au)<br>87%<br>93%<br>93%<br>90%<br>109%       | (oz)<br>109%<br>106%<br>88%<br>103%<br>119%<br>96%         | (BCM)<br>133%<br>110%<br>98%<br>119%<br>122%<br>99%         | Tonness (t) 133% 118% 118% 98% 119% 122% 99%                        | Grade<br>(git Au)<br>83%<br>77%<br>87%<br>78%<br>78%             | (02)<br>110%<br>91%<br>86%<br>94%<br>107%<br>78%        |        |            |
| Jul-19<br>Aug-19<br>Sep-19<br>Oct-19<br>Nov-19<br>Dec-19<br>Jun-20 | (BCM)<br>106%<br>104%<br>104%<br>105%<br>111%<br>102%   | Tornes<br>(1)<br>106%<br>104%<br>104%<br>105%<br>111%<br>102% | Grade<br>(g1 Au)<br>94%<br>83%<br>94%<br>87%<br>91%<br>80%<br>82% | (02)<br>100%<br>86%<br>97%<br>91%<br>90%<br>81%<br>86% | (BCM)<br>125%<br>114%<br>95%<br>113%<br>110%<br>98%<br>98% | Tonnes<br>(t)<br>125%<br>114%<br>95%<br>113%<br>110%<br>96% | Grade<br>(pt Au)<br>87%<br>90%<br>90%<br>109%<br>90%<br>90% | (oz)<br>109%<br>109%<br>100%<br>88%<br>100%<br>119%<br>96% | (BCM)<br>133%<br>110%<br>98%<br>119%<br>122%<br>99%<br>103% | Tonnes<br>(t)<br>133%<br>118%<br>98%<br>119%<br>122%<br>99%<br>103% | Grade<br>(pt Au)<br>83 %<br>77 %<br>87 %<br>79 %<br>66 %<br>76 % | (0Z)<br>110%<br>51%<br>86%<br>94%<br>107%<br>78%<br>81% |        |            |

Figure 3-4 Reconciliation: Declared Ore Mined (DOM) vs 2019 Ore Reserve Model (OR) (Note: Metrics factors are reported as percentages)

It was noted in the 2020 model report that Cube cautions against using the above reconciliation against the Recoverable Resource model directly for analysis, as:

- "The LUC is presented as a 'recoverable resource', globally incorporating 10% ore loss followed by 11.1% dilution at zero grade;
- The DOM figures do not adequately remove the effect from production from other sources, which was treated during this time as part of the blend (see Figure 12-6) Golden Wings 16% of total tonnes, Sly Fox 1% of total tonnes, and older Low-Grade dumps 1% of total tonnes;
- The Gilbeys production used for the DOM calculation does not include material sent to the ROM and treated that was physically outside the originally marked out digblocks (extra material spotted during mining) 4% of total tonnes."

However, Cube do go on to say that "Notwithstanding a considerable amount of other 'noise' and variability from the treatment of these other sources, on face value the overall figure of -11% on total ounces compares considerably better to the headline reconciliation of the previous 2018 OK model (August 2018 to May 2019 period) of -34% on ounces (Job, 2019)."



Further, it can be seen in Figure 3.3 that when using the 2020 Model, the "-11% on total ounces" (0.89 - 1.0 = -0.11) would be closer to -23% on ounces (0.77 - 1.00 = -0.23).

### 3.1.1.2 Mining Dilution and Ore Loss Factors

As there were concerns around the reconciliations of DOM vs OR with the 2020 Model, a discussion was held with GNT and Cube on 25<sup>th</sup> June 2020 to help Mining One understand the reconciliation results, and permit the application of reasonable mining dilution and ore loss factors in mine planning.

As a result of these discussions, when assuming zero (0%) dilution the ore losses for the estimation domains (arrived at by consensus) were:

- ➤ Gilbeys Main Zone GMZ (Domains 101,102 only) = 5%
- Domain 100 (footwall), 103 (GFIN), 104(GSP), 105, 201, 202, & 701 (Sly Fox) = 5%
- Domains 401, 402, 501-601 & 900 = 30%

Importantly, while the above dilution and ore loss values were used by Mining One for pit optimisations and mine scheduling, in the 2020 model report Cube highlight that:

"the new structural framework has defined a major fault or dislocation, which splits the major component of the GMZ (April 2020 - Domain 102 - around 75% by tonnage) from a smaller southern GMZ component (April 2020 – Domain 101 - around 25% by tonnage). Whereas the two recent batch milling trials of GMZ Ore have had positive reconciliation against the June 2019 LUC model, these results should be taken with considerable caution, as the June 2019 model did not take into account the new interpretation of this dislocating fault, having consolidate the GMZ and footwall lodes into the previous single Domain 101. Both milling trials sourced ore from the now updated and smaller southern GMZ Domain 101 (Figure 12-9). Reconciliation performance from this southern domain cannot be directly extrapolated to the bulk of the GMZ, because there is an unknown vertical displacement on the fault zone. There is also likely to be a component of the gold mineralisation directly associated with the changes in rock competency and permeability associated with the oblique fault zone."

The figure referred to above (12-9) is shown in Figure 3.5.



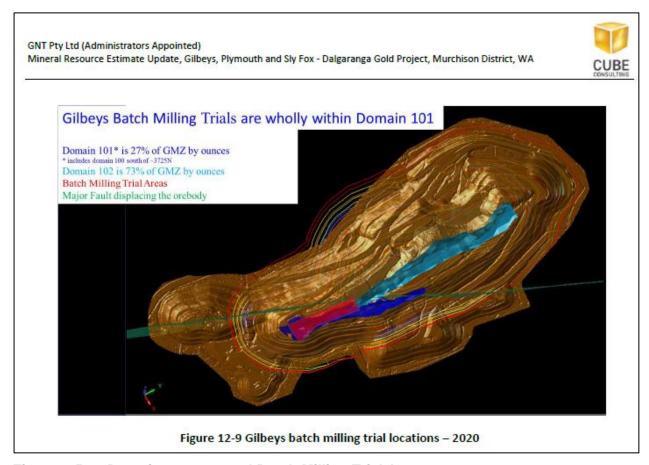


Figure 3-5 Domain 101, 102 and Batch Milling Trial Area

Given that Cube state that "the two recent batch milling trials of GMZ Ore have had positive reconciliation against the June 2019 LUC model, these results should be taken with considerable caution", and ore losses of 13-30% are shown in the Jan-20 to May-20 reconciliations in Figure 3.2 and Figure 3.3 (Mar-20 removed). There is a significant range of potential future ore loss based on historic performance, however there is evidence to suggest improved performance as mining progresses further into the Gilbey's Main Zone (GMZ), as demonstrated in recent monthly reconciliations.

#### 3.1.2 Optimisation Input Parameters – Gilbeys

Information on optimisation inputs was provided by GNT and for the purposes of this review it was assumed they were applied in Deswik Pseudoflow as written.

### 3.1.2.1 Process Recoveries

The fixed process recoveries used are a reasonable estimate based on testwork performed during the Dalgaranga Gold Project Bankable Feasibility Study. They are based on a fixed recovery model, with discount for more difficult ore types. However, there was limited testwork performed on low grade material. The risk with fixed recovery modelling is that recovery for low head-grade feed is overestimated.

A review of process recoveries and plant performance from Jan 2019 based on plant data was conducted. A review of past testwork as well as a review of the plant gold reconciliation was performed. The aim was to identify if an improved recovery model might exist.



GNTs Processing Manager was consulted on plant reconciliation.

## **Findings**

The operation has been dominated with feed from Gilbey's from July 2020 (≈80%) and this pit will continue to form the main ore source for future production. The production data from Jan 2019 was reviewed and fitted to a fixed tail model of the form:

$$Recovery = \frac{\textit{Head grade}\left(\frac{g}{t}\right) - \textit{Fixed tail}\left(\frac{g}{t}\right)}{\textit{Head grade}\left(\frac{g}{t}\right)}$$

The production data were filtered to remove low throughput days, associated with start-up, shut-down or process upsets that would impact recovery. The data were also filtered to remove higher feed grades (above 1.5, 1.0, 0.5 g/t) to investigate the impact on the fixed tail model. Feed grades of zero were removed.

Modelling was performed to minimised the root mean square error and average L1 error between the model and production data with the various filters. It was found that a fixed tail of 0.07 was appropriate to describe the data. This tail grade also aligned with the median tail grade.

In addition to the fixed tail, a discount for more difficult ore types was applied, as described in the Feasibility report. However, in this updated modelling, no distinction was made for different pits. This was because of the dominance of Gilbey's in the feed and relatively small difference in fixed recoveries originally described in the Feasibility study for Golden Wing's ore.

The recommended recovery relationships are given in Table 3-1.

Table 3-1 Updated recovery model for Dalgaranga Gold

| Ore Type    | Recovery                                       |
|-------------|--|
| Oxide       | (head (g/t) - 0.07) / head (g/t)               |
| Transition  | (head (g/t) - 0.07) / head (g/t)               |
| Fresh Upper | 0.92/0.93 x (head (g/t) - 0.07) / head (g/t)   |
| Fresh Lower | 0.8745/0.93 x (head (g/t) - 0.07) / head (g/t) |
| Shale       | 0.77/0.93 x (head (g/t) - 0.07) / head (g/t)   |



The updated models could be made more conservative by limiting the upside for high grade feed. For example, the transition ore recovery model could take the form:

$$min(0.93, (head - 0.07) / head (g/t))$$

Although this does not appear to be necessary based on the available data and lack of feed greater than 1.5 g/t.

The fit of the model to the recovery data is given in Figure 3.6 for production data from 1 Jan 2019 at feed grades < 1.5 g/t and with low throughput values removed.

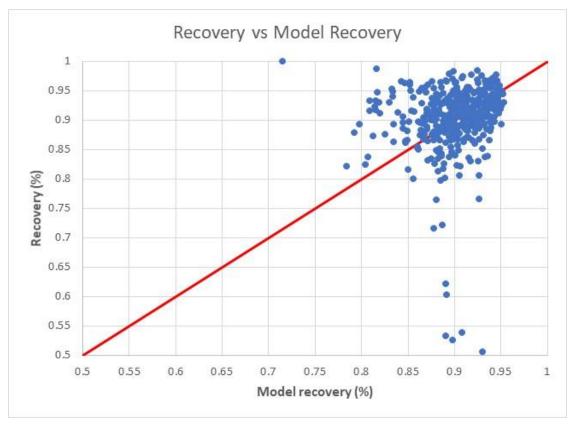


Figure 3-6 Recovery versus Model

The updated models in Table 3-1 allow for some upside to the original fixed recovery relationships (and as demonstrated from production performance), as well as discounting low grade feed recovery.

#### 3.1.2.2 Plant Reconciliation

A high-level review of plant reconciliation was conducted to increase confidence in the reported recoveries and resulting recovery model. A detailed reconciliation review was not part of the scope of work and would take a number of days.

It was apparent that plant reconciliation had been a focus of work for the past 12 months and improvement in reconciliation can be seen in the monthly metallurgical balance (Figure 3.7).



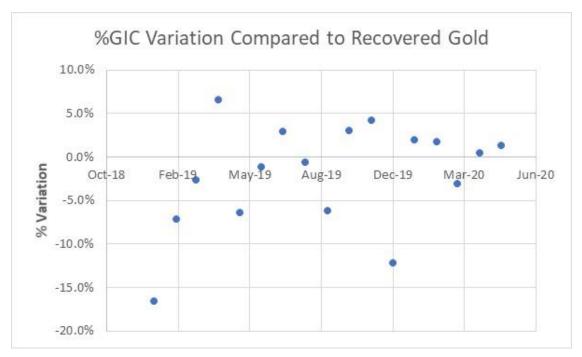


Figure 3-7 Gold in Circuit (GIC) Monthly Variation

Plant operating practices with monthly feed conveyor calibration and twice per shift moisture analysis are very good and give confidence in the reported tonnage. The use of fire assay for final monthly reconciliation following initial calculation with PAL (pulverise and leach) test is reasonable considering on-site fire assay is not available. It is understood a number of reviews on plant reconciliation have been conducted in the past 12 months.

There is some opportunity to reduce gold in solution tailings to improve recovery, though this is accounted for in the mass balance.

Site recovery and process performance could also benefit from greater focus on achieving the target grind size. There was a relationship between course grind size and lower recovery, with a small, but significant relationship between grind size and throughput.

#### 3.1.2.3 Plant Operating Costs

A brief review of plant operating costs was conducted (Table 3-2) and benchmarked. No issues were identified with the ≈\$13/t operating cost used in the valuation model.



**Table 3-2 Plant Operating Cost Summary from 2020** 

| Item            | \$/t        |
|-----------------|-------------|
| Labour/Overhead | \$<br>2.74  |
| Crush           | \$<br>1.11  |
| Milling         | \$<br>2.31  |
| Gravity         | \$<br>0.03  |
| CIL             | \$<br>1.97  |
| Elution         | \$<br>0.18  |
| Tailings        | \$<br>0.04  |
| Water           | \$<br>0.06  |
| Power           | \$<br>3.93  |
| Lab             | \$<br>80.0  |
| Mobile Equip    | \$<br>0.07  |
| Total           | \$<br>12.53 |

### 3.1.2.4 Non-Processing Costs

#### General and Administration Costs

A G&A cost of \$4.21 per tonne of ore milled was included in the pit optimisation. This figure is consistent with the costs included in the supplied cashflow model.

### Fixed and Variable Mining Costs

Mining One understands that as part of the 2020 LOMP, renegotiations of mining rates with the current mining contractor, NRW Holdings, are currently underway. It should be noted that the contract negotiations are yet to be finalised, however Mining One has been informed that the supplied rates are not expected to vary greatly once agreed.

The mining costs used in the Gilbeys optimisation were sourced from preliminary mining rates as part of the contract renegotiation with NRW Holdings. The rates used in the optimisation are the consistent with the mining rates included in the supplied contractor mining rates, with the exception of the load and haul variable rates below the 165mRL and drill and blast costs. Due to minimal material mined below the 160mRL it is not expected to have a significant effect on the optimisation result.

The drill and blast costs used in the optimisation are on average \$0.17 higher than the costs included in the supplied contractor mining rates. Additionally, the fixed mining costs are consistent with the costs included in the supplied contractor mining rates and the supplied cashflow model.

#### **Grade Control**

The grade control costs included in the pit optimisation are consistent with the costs included in the supplied cashflow model.

#### 3.1.2.5 Modifying Factors (Mining Dilution and Ore Recovery):

Early discussions in May-20 between GNT and Mining One had determined that assuming no dilution, ore loss values for Gilbeys would be:



- Gilbeys Main Zone (GMZ) = 2.5%
- Grade Control areas = 10%
- Outside GMZ = 7.5%

From later discussions with GNT, it is Mining Ones understanding that due to difficulties in application, rather than the ore loss values above, for the pit optimisation at Gilbeys dilution was applied at 0%, and an ore loss factor of 5% was applied to all domains. Additional unplanned ore loss of 5% was applied post scheduling (effective 10% ore loss).

### 3.1.2.6 Overall Slope Angles

Overall pit slope angles for the GNT pit optimisation are based on recommended Geotechnical slope designs for the Gilbeys deposit by Absolute Geotechnics (Ref.3), assessment for hangingwall steepening as recommended by Mining One (Ref.4) and measured pit slope angles from pit designs based on the aforementioned recommendations.

### 3.1.3 Optimisation Input Parameters – Golden Wings

While Golden Wings contributes only a less than 2% to the inventory, it was reviewed for the sake of completeness.

For the purposes of this review it was assumed that the inputs and assumptions provided by GNT for the Golden Wings optimisation were applied in Deswik Pseudoflow as written.

The mill throughput assumptions are considered reasonable based on monthly throughput information as provided in the three-monthly reports provided to Mining One. Over the three-month period January to March 2020, actual throughput of grinding circuit averaged 356 t/op.hr with mill utilisation of 96.26% for an annualized throughput of just over 3 Mt.

Fixed recovery percentages of 93%, 93%, 92%, 87.45% and 77% are used for Oxide, Transition, Upper Fresh, Lower Fresh and Shale respectively for the pit optimisation. Whereas these recoveries are reasonable for ROM grade material as evidenced by the monthly production reports, these recoveries may not be achievable when lower grade material with grades at or near cut-off are processed through the plant. The usual practice for an existing operation is to use recovery algorithms that are dependent on final tails grade.

### General and Administration Costs (G&A)

A G&A cost of \$4.21 per tonne of ore milled was applied in the Deswik Pseudoflow pit optimisations. This figure is consistent with the costs included in the supplied cashflow model.

#### **Mining Costs**

A variable mining cost of \$10.82/bcm was used for all RL's for the optimisation.

Applying a flat variable cost to all RL's based on the average may mean that the upper benches will have costs applied to them that are higher than actual and the lower benches will have costs applied that are lower than the actual. This may lead to the optimisation driving down deeper due to reduced costs at depth.

Although it is recommended that mining costs that vary by elevation be used in the optimisation, the size and contribution to the ore feed from Golden Wings is minimal and therefore it can be expected that using a flat variable cost will have minimal effect on the project outcome.



This variable cost was derived from the forecasted average mining costs until August 2020. The variable rate used was based on both the costs for Gilbeys and Golden Wings and only the costs for mining Gilbeys post June. It is recommended that the rates used are derived from the forecasted costs for Golden Wings only.

A global ore loss (5%) has been included in the optimisation. No discrete reconciliation data was provided specific to the Golden Wings deposit, as such the validity of the assumptions could not be assessed.

### 3.1.4 Optimisation Outputs & Mine Design

Using the GNT provided inputs Mining One undertook a pit optimisation of the Gilbeys project area to do a high-level comparison of the outputs against the GNT provided Stage 3 pit design.

The optimisation was based on Measured, Indicated and Inferred material categories with a Revenue Factor (RF) = 1 and minimum mining width of 30m. The resulting optimisation shell compares closely with the GNT Stage 3 Pit design as shown in Figures 3.8 to 3.11. (Note that the pit designs for Gilbeys South and Sly Fox pit are not shown).

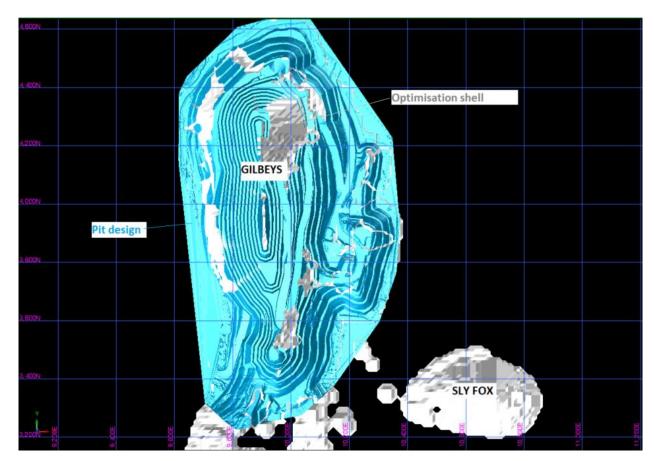


Figure 3-8 GNT Gilbeys Stage 3 Design vs M1 Optimisation Shell – Plan view



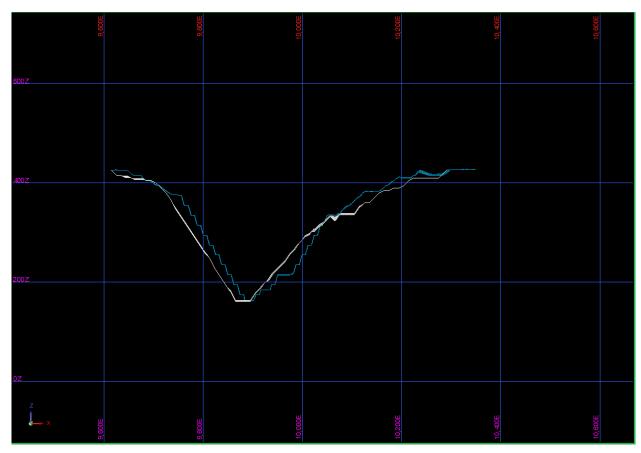


Figure 3-9 GNT Gilbeys Stage 3 Design vs M1 Optimisation Shell – Section 4200N



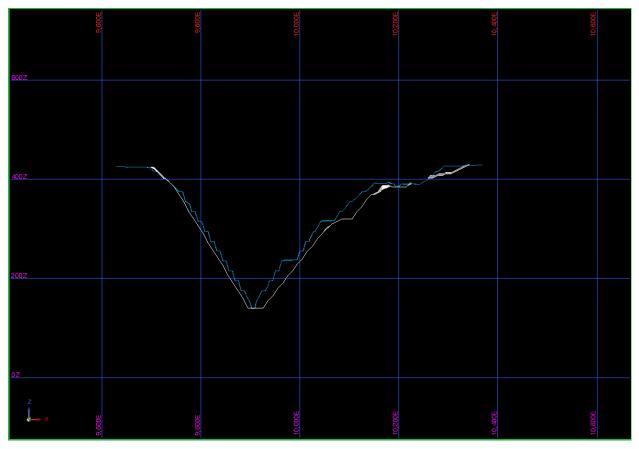


Figure 3-10 GNT Gilbeys Stage 3 Design vs M1 Optimisation Shell – Section 4000N



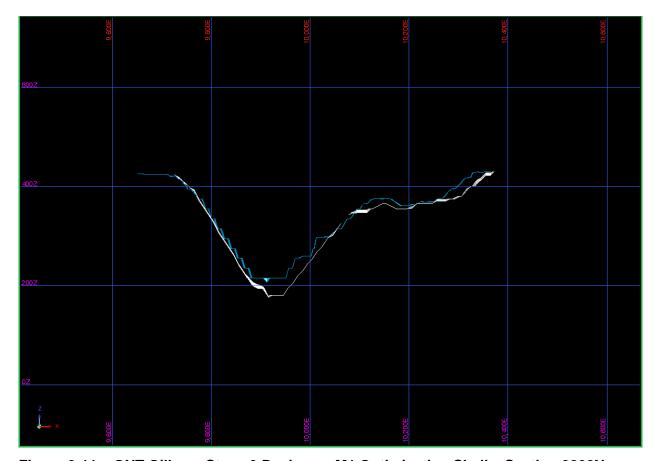


Figure 3-11 GNT Gilbeys Stage 3 Design vs M1 Optimisation Shell – Section 3800N

### 3.1.4.1 Geotechnical Review of Mine Design

A review of the GNT pit designs for slope compliance to design recommendations found that:

## Stage 1:

Some minor non-conformances to slope design recommendations were present and several stability issues in the assessed areas were identified. The stability issues relate to narrow berms leading to excessive Inter-Ramp Slope Angles (IRSA) and other non-conformances.

#### Stage 2:

 Only a few minor non-conformances to slope design recommendations were noted.

### Stage 3:

- Generally the design complied with recommended slope configurations, however in the preliminary design three geotechnical domains were steeper than recommended design options, namely Hanging Wall B (HW-B), and Footwall A and Footwall C (FW-A & FW-C). The domains are shown in Figure 3.12.
- In the final design shown in Figure 3.13, design changes to the south end of HW-B and HW-C were not reassessed, and the were no changes to FW-A and FW-C.
- While not specifically noted in the review of the GNT Stage 3 design, after a geotechnical review of the Mining One Stage 3 design for the parallel assessment,



it was noted that the maximum recommended slope height down to 160mRL was exceeded by about 30m (130mRL), and further stability assessment has been planned.

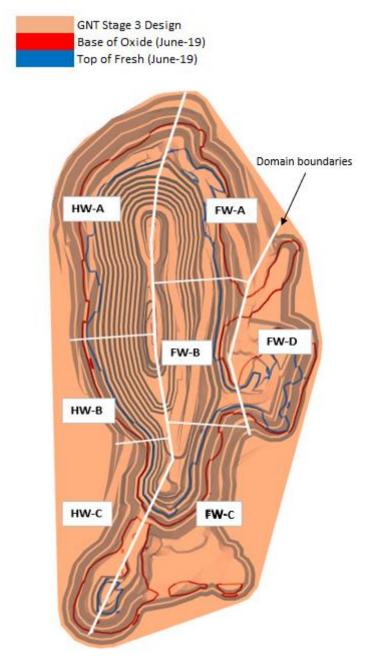


Figure 3-12 GNT Preliminary Gilbeys Stage 3 Design





Figure 3-13 GNT Final Gilbeys Stage 3 Design

Golden Wings was not assessed.

## 3.1.5 Mine Scheduling

The GNT 2020 LOMP schedule was created using Deswik software and the Deswik schedule file supplied to Mining One was reviewed. The review of the schedule did not include any validation of the formulas or the application of the inputs used in the schedule file.



#### Schedules Limits

The 2020 GNT LOMP schedule includes the following limits and targets:

- Mining production rates
  - Excavator mining rates have been applied using an 80% utilisation. When benchmarked these rates could be considered in the upper region of the range. However, new equipment has been planned for the site. Should these rates not be achieved allowance will need to be made for additional mobilisation costs.
- Allowable number of mining unit per bench has been limited by elevation, with a reduction in the number of digging units per bench at lower elevations.
- A maximum production limit has been applied per period; this rate is consistent with the mining production currently achieved.
- Although no limit has been applied to the vertical rate of advance, the limits given above limit the bench turn over to approximate 100m per annum.

### Mining Dilution & Ore Recovery

The following ore loss and dilution was applied in the 2020 GNT LOMP schedule:

All Areas with Grade Control data:

- > 10% Ore Loss
- > 10% Dilution

#### Inside the GMZ:

- 2.5% Ore Loss
- 0% Dilution

#### Outside the GMZ:

- > 7.5% Ore Loss
- > 0% Dilution

#### 3.1.6 Mining Costs (Financial Model)

As mentioned previously. Mining One understands that as part of the 2020 LOMP, renegotiations of mining rates with the current mining contractor, NRW Holdings, are currently underway. It should be noted that the contract negotiations are yet to be finalised, however Mining One has been informed that the supplied rates are not expected to vary greatly once agreed.

The mining costs used in the supplied cashflow model are relatively consistent with the mining rates in the supplied preliminary contractor mining rates.



#### 3.2 Parallel Mine Plan

To test the robustness of the 2020 LOMP by GNT, Mining One undertook a parallel process of pit optimisation, mine design and scheduling (M1 2020 LOMP).

### 3.2.1 Optimisation Input Parameters

Key inputs into the pit optimisation completed by Mining One are summarised below.

### 3.2.2 Block Model Review - Gilbeys

The review of the 2020 model is covered in Sections 3.1.1 and 3.1.2.

## 3.2.3 Optimisation Input Parameters – Gilbeys

Most optimisation inputs were the same as used by GNT. Those parameters that were changed are summarised below.

### 3.2.3.1 Modifying Factors (Mining Dilution and Ore Recovery)

After the review of the 2020 model, discussions between Cube, GNT and Mining One determined that for pit optimisations and mine planning, the following updated mining dilution and ore loss factors were to be applied:

- GMZ or GMPZ (Domains 101,102 only) = 5%
- > Domain 100 (footwall), 103 (GFIN), 104(GSP), 105, 201, 202, & 701 (Sly Fox) = 5%
- ➤ Domains 401, 402, 501-601 & 900 (900 is the mineralised waste halo outside the other domains) = 30%

#### 3.2.3.2 Process Recoveries

Process recoveries were updated to those recommended in Table 3-1.

#### 3.2.3.3 Process Rate

The processing rate was assumed to be fixed at 2.8Mtpa, which is the nameplate capacity for fresh ore and is conservative.

### 3.2.3.4 Overall Slope Angles

The main differences in Overall Slope Angles (OSAs) that Mining One used to those used by GNT are:

- ➤ in the footwall domains A-D, OSAs for transition and fresh material where pit slopes were primarily facing 250-340 degrees were reduced to 50.9 degrees.
- where a ramp was present in oxide the OSA was reduced to that recommended, and
- where a ramp was not present in oxide the OSA was increased to the maximum design parameters.

### 3.2.3.5 Minimum Mining Width

To permit practical mining, a minimum mining width of 30m was applied to the RF = 1 pit shell for Gilbeys.



### 3.2.4 Optimisation Input Parameters – Golden Wings

Because the Gilbeys project area comprised over 90% of ore tonnes for the M1 2020 LOMP, the Golden Wings mining inventory was reviewed but a parallel optimisation was not conducted as part of this review. However, for the purposes of mine scheduling mining dilution and ore loss factors were applied as is understood to be used in the six-month mine planning process at the time of writing. These are detailed in Section 3.2.6 Mine Designs and Scheduling.

## 3.2.5 Optimisation Outputs & Mine Design

As mentioned in Section 3.1.4, the Mining One pit optimisation was based on Measured, Indicated and Inferred material categories with a Revenue Factor (RF) = 1 and an applied minimum mining width of 30m. The pit resulting pit shell was used as the basis for the Mining One Stage 3 design.

A comparison of tonnes in the optimal pit shell vs M1 Stage 3 pit design indicated a good match with the design matching the shell ore tonnes:

- Ore tonnes were lower by -0.3%,
- ➤ Au grade was lower by -1.4%
- Ounces were lower by -1.4% and
- Waste tonnes were higher by +9%.

The Mining One Stage 3 design used a double-lane ramp to the 195mRL, or about 20m deeper than that designed by GNT which would have contributed to the increased waste tonnes.

The optimal pit shell and M1 Stage 3 pit design are shown in Figure 3.14.



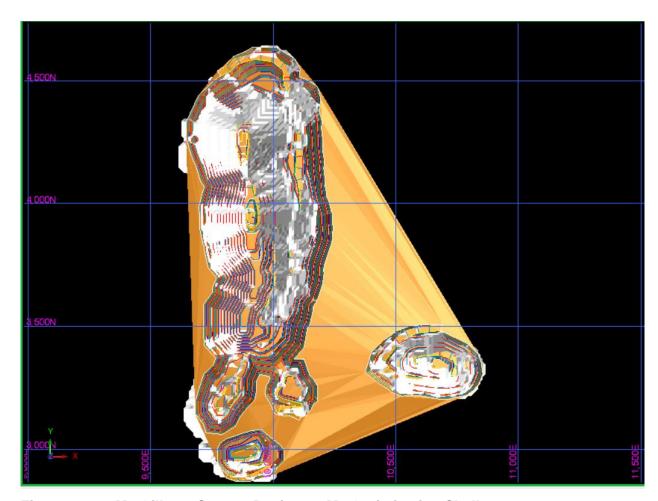


Figure 3-14 M1 Gilbeys Stage 3 Design vs M1 Optimisation Shell

#### 3.2.5.1 Geotechnical Review of Mine Design

Pit Stages 1 and 2 are the same as used by GNT and are discussed in Section 3.1.4.1.

Geotechnical review of M1 Stage 3 design indicated that the design generally complied with slope with recommended slope configurations. However, while a short section of the HW-B exceeded design batter height and increased the wall angle to above recommended, it is not considered to be material to the LOMP.

As with the GNT Stage 3 design, the M1 Stage 3 design exceeded the recommended slope height down to 160mRL by about 25m (135mRL), and a further stability assessment is planned for this pit design.

### **3.2.5.2 Schedule**

### Mining Production Rates

- Mining production rates
  - The M1 2020 LOMP excavator mining rates have been applied using a 70% utilisation. These rates are consistent with expected industry performance.
- Allowable number of mining unit per bench has been limited by elevation, with a reduction in the number of digging units per bench at lower elevations



A maximum production limit was not applied per period as the number of mining units was limited to only three which would provide a hard limit to total material movement.

#### Vertical Rates of Advance

Vertical rates of advance were generally limited to no more than 15m per month, although on an annualised basis no pit stages or any of the smaller pits achieved this rate over an entire twelvemonth period.

#### Schedule Results

The additional waste combined with slower mining production rates resulted in an increase in mine life from about 4 to 5.8 years as shown in Figure 3.15 M1 Mined Volumes.

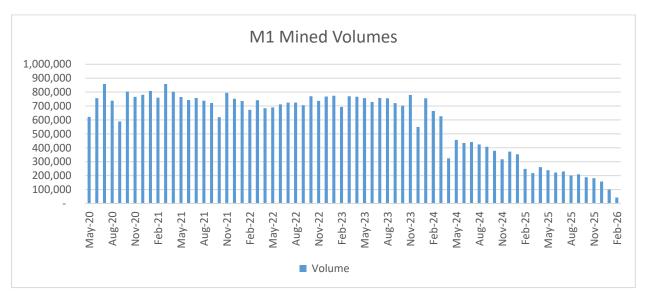


Figure 3-15 M1 Mined Volumes by Month

At times the M1 2020 LOMP mining schedule encountered periods of low availability of ore tonnes while waiting for waste stripping, however at all times there were sufficient stockpiles to maintain total mill feed tonnes for processing as shown in Figure 3.16 and Figure 3.17.



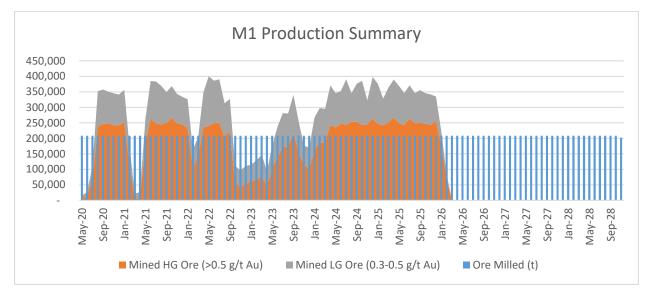


Figure 3-16 M1 Production Summary by Month

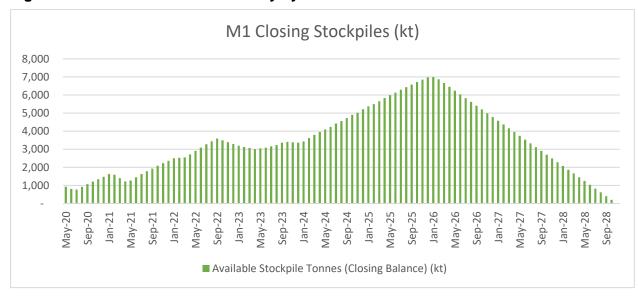


Figure 3-17 M1 Closing Stockpiles by Month

#### Mining Dilution & Ore Recovery

Mining dilution and ore losses applied at the Gilbeys project area were as outlined in Section 3.2.3.1.

Mining dilution and ore loss applied to Golden Wings were those that are understood by Mining One to be used in the six-month mine planning process and applied the 2019 Golden Wings Resource Model. As no reconciliation data had been provided against the 2020 Golden Wings Resource Model the same factors were used, although it is expected that these values may be overly conservative when applied to the updated model. These factors were

- ➤ Dilution = +10% tonnes
- ➤ Grade = -30% g/t Au
- $\triangleright$  Ore loss = -27% Au oz.



The sum of the effects of ore mining dilution and ore losses applied to each of the project areas was a reduction in mining recoverable ounces of 10-12.5%, shown in Table 3-3, which is consistent with the estimated 13% reduction in ounces of the 2020 model in May-20 (0.87 DOM metal vs OR metal) in Section 3.1.1.1. It does not however, account for additional overprediction of mining recoverable ounces by the 2020 model, which based on historic performance to May-20 has the potential to be in excess of 5 to 10%.

**Table 3-3 Effect of the Difference in Mining Costs** 

| Mining Recoverable Ounces (g Au) | %      |
|----------------------------------|--------|
| High Grade Ore (>0.5 g/t Au)     | -10.1% |
| Low Grade Ore (0.3-0.5 g/t Au)   | -12.7% |
| All Ore (> 0.3 g/t Au)           | -10.4% |

Inferred material within the Stage 3 design is about 10%.

### 3.2.6 Mining Costs

Mining Costs were based on the fixed and variable costs provided by GNT in the GNT 2020 LOMP Financial Model.

The increased mine life to 5.8 years directly impacts mining costs.

#### 3.2.7 Cashflows

- Cash Flows for the M1 2020 LOMP were based on a \$AUD2,550/oz gold price.
- ➤ The increased mine life to 5.8 years directly impacts mining costs.
- When only 10% metal loss (which is already accounted for in the M1 2020 LOMP Recoverable Resource Model) is assumed, the total mill recovered ounces in the M1 2020 LOMP is 434koz that compares well to the 400koz mill recovered ounces in the GNT 2020 LOMP.
- ➤ Due to the assumed fixed process rate for fresh ore M1 Mill Recovered ounces are processed over about 8.5 years rather than the 7 years planned by GNT and are shown in Figures 3-18 and 3-19.



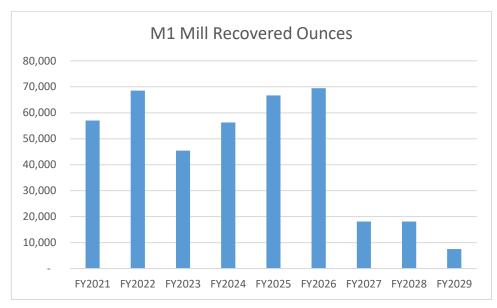


Figure 3-18 M1 2020 LOMP Mill Recovered Ounces

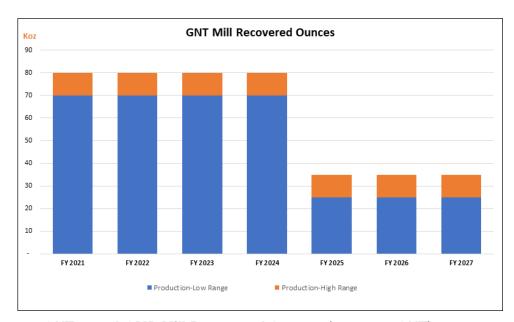


Figure 3-19 GNT 2020 LOMP Mill Recovered Ounces (source – GNT)



#### 3.3 Conclusions and Recommendations

The review of the GNT 2020 LOMP found that the mining factors and assumptions used in development of these plans are considered reasonable.

The recommendations are as follows:

- Continue to closely monitor the improved reconciliation performance of the Gilbey's Main Zone, ensuring that mining practices are conducive to minimising ore loss and dilution.
- Monthly mining production rates should be monitored to ensure waste stripping and bench advance rates are achieved. Should these rates begin to decline, mobilisation of additional primary fleet should be considered to minimise any potential impact on gold production.
- Continue with the planned geotechnical stability assessment to confirm the stability of the footwall design and potentially improve cash flow through the waste contingency applied to the cash flow model.

### 3.4 References

- 1. M Job & M Millad, 2019. *Mineral Resource Estimate Gilbeys, Plymouth and Sly Fox Dalgaranga Gold Project, Murchison District, Western Australia*: Cube Consulting.
- 2. M Job & M Millad, 2020. *Mineral Resource Estimate Update Gilbeys, Plymouth and Sly Fox Dalgaranga Gold Project, Murchison District, Western Australia*: Cube Consulting.
- 3. R Thomas, 2017. Dalgaranga Project Geotechnical Assessment Open Pit Design: Absolute Geotechnics.
- 4. A Vakili & J Watson, 2019. 3D Numerical Modelling for Gilbeys Open Pit Phase 1 Assessment for Hangingwall Steepening Project: Mining One Consultants.



#### **DOCUMENT INFORMATIONSEE**

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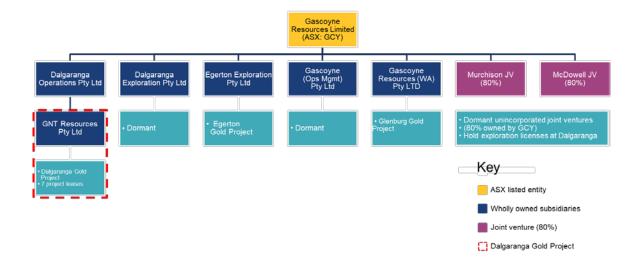
## 12.1 Registration

The Company was registered in Western Australia, Australia on 25 September 2009.

## 12.2 Company tax status and financial year

The Company is and will be subject to tax at the Australian corporate tax rate on its taxable income. The Company's financial year ends on 30 June annually.

## 12.3 Corporate structure



#### 12.4 ASX announcements

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offers:
  - (1) the annual financial report of the Company for the financial year ended 30 June 2019 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and

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- the half year financial report of the Company for the 6 months ended 31 December 2019 lodged with ASIC after the lodgement of the annual financial report mentioned in paragraph (1) and before the issue of this Prospectus; and
- (3) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (1) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 31 January 2020:

| Date       | Description of Announcement                               |
|------------|---|
| 06/08/2020 | Initial Director's Interest Notice                        |
| 06/08/2020 | Appointment of Directors                                  |
| 06/08/2020 | Update on Capital Raising Process                         |
| 06/08/2020 | Constitution  |
| 05/08/2020 | Update on EGM and DOCA Process                            |
| 05/08/2020 | Results of Meeting  |
| 05/08/2020 | July Production Update                                    |
| 31/07/2020 | Quarterly Cashflow Report                                 |
| 31/07/2020 | Quarterly Activities Report                               |
| 31/07/2020 | Updated Life of Mine Production Target and Ore Reserve    |
| 10/07/2020 | Appendix 3B   |
| 07/07/2020 | June 2020 Production Update                               |
| 06/07/2020 | Notice of General Meeting/Proxy Form                      |
| 02/07/2020 | Senior Lenders Confirm Support for Gascoyne DOCA Proposal |
| 26/06/2020 | Deed of Company Arrangement Executed                      |
| 26/06/2020 | Creditors Vote to Approve Gascoyne DOCA proposal          |
| 25/06/2020 | Update on NRW Agreement                                   |

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| Date       | Description of Announcement                                 |
|------------|---|
| 25/06/2020 | Update on DOCA Proposal (updated)                           |
| 24/06/2020 | Update on DOCA Proposal                                     |
| 18/06/2020 | Administrators Recommend DOCA Proposal and Recapitalisation |
| 10/06/2020 | Dalgaranga Resource Update                                  |
| 09/06/2020 | Production Update – May 2020                                |
| 21/05/2020 | GMZ Batch Trials Exceed Expectations                        |
| 14/05/2020 | April 2020 Production Update                                |
| 06/05/2020 | Gilbey's Main Zone Wide Continuous Higher Grade Down Dip    |
| 30/04/2020 | Retirement of Director                                      |
| 30/04/2020 | Final Director's Interest Notice                            |
| 30/04/2020 | Results of Meeting  |
| 30/04/2020 | Quarterly Activities and Cashflow Report                    |
| 14/04/2020 | March Quarter 2020 Production                               |
| 30/03/2020 | Notice of General Meeting/Proxy Form                        |
| 20/03/2020 | Company Secretary Appointment/Resignation                   |
| 20/03/2020 | Progress Report   |
| 13/03/2020 | Half Yearly Report and Accounts                             |
| 06/03/2020 | Notification of Date of Annual General Meeting              |
| 17/02/2020 | Update on Administration Process                            |
| 06/02/2020 | January 2020 Production Results                             |

# 12.5 Lead Manager arrangements

The Capital Raising is underwritten and managed by the Lead Manager pursuant to an underwriting agreement dated 13 August 2020 between the Company and the Lead Manager (**Underwriting Agreement**).

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Pursuant to the Underwriting Agreement, the Company has appointed Canaccord Genuity (Australia) Limited to act on an exclusive basis as the manager, broker and bookrunner of the Capital Raising and to act as underwriter for the Capital Raising.

For the purpose of this Section 12.5, Information Documents means the ASX announcement in relation to the Capital Raising, the Prospectus and any other publications, ASX filings or press releases (including an Appendix 3B, Appendix 2A and other filings), presentation materials, or public or media statements made on or after the date of this agreement and up to and including completion by or on behalf of the Company in relation to the Capital Raising.

### 12.5.1 Commission, fees and expenses

Pursuant to the Underwriting Agreement the Company has agreed to pay the Lead Manager:

- a management and selling fee equal to 1.0% of the total proceeds of the Capital Raising; and
- an underwriting fee equal to 4.0% of the total proceeds of the Capital Raising.

The underwriting and management and selling fees will become payable by the Company on the date of Settlement of the Entitlement Offer. In addition, an incentive fee of up to 1.0% of the proceeds of the Capital Raising may also be payable to the Lead Manager at the absolute discretion of the Company.

Any fees payable to sub-underwriters, co-lead managers, co-managers (including the Co-Managers) and brokers appointed in relation to the Capital Raising are payable by the Lead Manager on behalf of the Company out of the fees payable to them under the Underwriting Agreement. In addition to the fees described above, the Company has agreed to reimburse the Lead Manager for certain other agreed costs and expenses, including legal costs, incurred by the Lead Manager in relation to the Capital Raising.

### 12.5.2 Termination events

The Lead Manager may, by notice given to the Company, and without cost or liability, terminate the Underwriting Agreement if any of the following events occur at any time from the date of the Underwriting Agreement until 9.00am (Perth time) on the Issue Date (or such other time as specified):

- the Company ceases to be admitted to the official list of ASX;
- the Company withdraws any part of the Capital Raising or the Prospectus;
- there is an event or occurrence which makes it illegal for the Lead Manager to satisfy a material obligation of the Underwriting Agreement, or to market, promote or settle the Capital Raising;
- the Company is unable to issue or prevented from issuing the New Shares under the Capital Raising by virtue of the ASX Listing Rules, applicable laws, a governmental agency or an order of a court;
- the Company or any of its directors or officers engages in any fraudulent, misleading or deceptive conduct or activity in connection with the Capital Raising;
- any circumstance arises that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares under the Entitlement Offer and be repaid their application moneys;

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- a director or certain members of senior management of the Company is charged with an indictable offence or fraudulent conduct, any director of the Company is disqualified under the Corporations Act, or any regulatory body commences any public action against the Company (or announces an intention to do so), or any director or certain members of senior management;
- any person (other than the Lead Manager) whose consent to the issue of the Prospectus is required under the Corporations Act, does not provide that consent or withdraws their consent:
- there is a change (or a change is announced) in the chief executive officer, chief financial officer or chairman of the Company;
- there is an alteration to the Company's capital structure without the prior consent of the Lead Manager or as otherwise described in the Prospectus;
- the S&P/ASX 200 closes on any two consecutive Business Days before the date of Settlement at a level that is 12.5% or more below its level as at the close of trading on the Business Day before the date of the Underwriting Agreement;
- the price of gold, expressed in Australian Dollar terms, closes on any two consecutive Business Days before the date of Settlement at a level which is 12.5% or more below the level of that price at the close of trading on the Business Day before the date of the Underwriting Agreement. The price of gold for the relevant Business Day shall be determined to the Nymex Comex Gold Price close, divided by the Reserve Bank of Australia AUD/USD exchange rate close for that Business Day;
- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Capital Raising, the issue of New Shares under the Capital Raising or an Information Document or ASIC commences (or gives notice of intention to hold) a hearing, inquiry or investigation in relation to the Capital Raising, the issue of New Shares under the Capital Raising or an Information Document or ASIC prosecutes or commences proceedings against (or gives notice of intention to do either) the Company or any of its officers, employees or agents in relation to the Offer and any such application, investigation or hearing becomes public and is not withdrawn by the date prescribed in the Underwriting Agreement;
- there is an application to a court or governmental agency for an order, declaration or other remedy in connection with the Capital Raising (or any part of it) or the DOCA, except in circumstances where the application has been withdrawn, discontinued or terminated by the date prescribed in the Underwriting Agreement;
- a court makes an interlocutory or final order in connection with the Habrok proceedings, or any analogous proceedings, by which the Company is temporarily or permanently restrained, injuncted or otherwise prevented from taking any material step required to implement the Recapitalisation or the Capital Raising or the Company is wound up or a liquidator is appointed, or any step required to implement a winding up or appoint a liquidator is ordered;
- the Company commits a material breach of the Corporations Act, ASX Listing Rules, the Constitution, or other applicable laws;
- there is an act, omission or event the effect of which is that a member of the Group is likely to become insolvent after the DOCA effectuation date;

- a person gives a notice to the Company under section 730 of the Corporations Act that is in the reasonable opinion of the Lead Manager materially adverse from the point of view of an investor;
- a certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission);
- unconditional approval (or conditional approval, comprising the ASX Reinstatement Conditions) by ASX for official quotation of the Shares is refused or is not granted by the time required to conduct the Capital Raising in accordance with the Timetable or, if granted, is materially modified or withdrawn;
- any material licence, lease, permit, concession, tenement, authorisation or concession of the Group is, or is likely to be, invalid, revoked, unenforceable, breached or not complied with in a material respect;
- any event specified in the Timetable is delayed other than in accordance with the Underwriting Agreement;
- the Prospectus is or becomes false, misleading or deceptive or likely to mislead or deceive, or does not contain all information required to comply with all applicable laws (in particular section 710 of the Corporations Act); or
- the Company issues a supplementary prospectus because of the operation of section 719(1) of the Corporations Act or lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement.

### 12.5.2.1 Termination events subject to materiality

The Lead Manager may, by notice given to the Company, and without cost or liability, terminate the Underwriting Agreement, if any of the following events occur at any time from the date of the Underwriting Agreement until 9.00am (Perth time) on the Issue Date (or such other time as specified) only if, the Lead Manager has reasonable grounds to believe that the event:

- has or is likely to have a material adverse effect on:
  - the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company;
  - the success or outcome of the Offer:
  - the ability of the Company to complete the Recapitalisation;
  - the ability of the Lead Manager to market, or effect settlement of, the Offer; or
  - 5 the willingness of investors to apply for Offer Shares; or
- has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Lead Manager under any applicable law or regulation.

The Lead Manager can terminate as above, if any of the following events occur:

 the Company fails to perform or observe any of its obligations under the Underwriting Agreement;

- any of the documents required to be provided under the due diligence planning memorandum in connection with the Capital Raising having been withdrawn, or varied without the prior written consent of the Lead Manager;
- the due diligence report or the information provided in relation to the due diligence program, the Information Documents or the Offer, is false, misleading or deceptive or likely to mislead or deceive (including by omission).
- a representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- legal proceedings against the Company, a member of the Group or any director of the Company is commenced or any regulatory body commences any enquiry or public action;
- if any of the material obligations of the relevant parties under any of the material contracts referred to in Section 12.6 of this Prospectus are not capable of being performed in accordance with their terms (in the opinion of the Lead Manager) or if any material contract:
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is altered, amended or varied without the consent of the Lead Manager;
  - is breached, or there is a failure by a party to comply;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- a new circumstance arises which is a matter adverse to investors in New Shares and which would have been required by the Corporations Act to be included in the Prospectus had the new circumstance arisen before the Prospectus was given to ASX;
- there is an adverse change, or an event occurs that is likely to give rise to an
  adverse change, in the business, assets, liabilities, financial position or
  performance, operations, management, outlook or prospects of the Company or
  the Group;
- any expression of belief, expectation or intention, or statement relating to future matters in an Information Document or public information is or becomes incapable of being met or unlikely to be met in the projected timeframe;
- any:
  - statement in an Information Document is or becomes false, misleading or deceptive or likely to mislead or deceive; or
  - Information Document does not contain all information required to comply with all applicable laws; or
  - Information Document is withdrawn;
- the Company issues an Information Document or varies an existing Information Document without the prior approval of the Lead Manager (such approval not to be unreasonably withheld);

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- there is introduced into the Commonwealth or state or territory parliaments a
  law or prospective law or any new regulation is made under any law, or a
  governmental agency adopts a policy, or there is an official announcement of a
  law or regulation or policy (other than a law or policy that has been announced
  before the date of this agreement);
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Canada, the United Kingdom, Hong Kong, a member state of the European Union or China (including Hong Kong) is declared by the relevant central banking, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading in all securities quoted or listed on the ASX, the New York Stock Exchange, the TSX, Euronext, the Hong Kong Stock Exchange, the London Stock Exchange or the Shanghai Stock Exchange is suspended or limited in a material respect; or
  - the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States, Canada, the United Kingdom, Hong Kong, a member state of the European Union or China (including Hong Kong) or any change or development involving a prospective adverse change in any of those conditions or markets;
- major hostilities not existing at the date of the Underwriting Agreement commences or a major escalation in existing hostilities occurs involving any one or more of Australia, New Zealand, the United States, Canada, the United Kingdom, Hong Kong, a member state of the European Union or China (including Hong Kong) or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world; or
- a Prescribed Occurrence (being the events specified in paragraphs (a) to (h) of subsection 652C(1) of the Corporations Act) in respect of the Company occurs during the Offer Period, other than as contemplated by the Underwriting Agreement or pursuant to the Offer or as permitted in writing by the Lead Manager.

#### 12.5.3 Conditions, representations, warranties and undertakings

The Underwriting Agreement contains certain conditions precedent, including conducting due diligence, lodgement of this Prospectus, ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable, receipt of the governmental approval for TSF Lift Stage 4 by 31 August 2020 or provision of evidence to the satisfaction of the Lead Manager that the approval will be received, the Habrok proceedings (see Section 12.9.1) having been settled, withdrawn, discontinued, abandoned or judicially determined in the Company's favour, such that the Capital Raising and the Recapitalisation are able to proceed and there being, in the opinion of the Lead Manager (acting reasonably) no impediment to the settlement and completion of the Capital Raising, recommencement of trading and the Recapitalisation or no analogous proceedings being commenced, the Finance Facility and NRW Settlement Agreement remaining valid and binding, the DOCA remaining on foot, certain actions being taken in relation to Recapitalisation including the NRW Offer and the Creditors'

Trust Offer and the ASX Reinstatement Conditions being performed or satisfied or capable of performance or satisfaction.

The Underwriting Agreement also contains certain standard representations, warranties and undertakings by the Company to the Lead Manager. The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisation, validity of obligations, status, compliance of the Offer and the Information Documents with the Corporations Act, the ASX Listing Rules, legislative instruments and other applicable rules, financial information, and accuracy of accounts, representations in relation to the Shares, agreements, authorisations and licences, litigation, ownership of assets, capitalisation of the Company, internal controls, internal accounting controls, anti-money laundering, as well as customary US representations and warranties.

The undertakings given by the Company relate to matters including, but not limited to, notification of breach to the Lead Manager, variation to the Company's capital structure or lodgement of a supplementary prospectus (without the consent of the Lead Manager) and undertakings that during the period from the date of the Underwriting Agreement until the expiration of 180 days after Completion:

- the Company will carry on business in the ordinary course and will not:
  - dispose, or agree to dispose, of the whole or any part of its business or its property (except in the ordinary course of business);
  - enter into, or vary, any agreement or commitment which is material in the context of the Company or the Offer or which contains a substantial or onerous obligation for the Company,

without the prior written consent of the Lead Manager; and

• the Company will not, without the consent of the Lead Manager, issue, agree to issue, offer for subscription or grant any option over Shares or Securities of the Company (subject to certain exceptions).

#### 12.5.4 Indemnity

Subject to certain exclusions relating to, among other things, the gross negligence, recklessness, fraud or wilful misconduct of a Lead Manager or certain representatives, the Company agrees to keep the Lead Manager and certain representatives of the Lead Manager indemnified from losses suffered arising out of or in connection with the Capital Raising the Information Documents or the appointment of the Lead Manager under the Underwriting Agreement.

#### 12.6 Material contracts

#### 12.6.1 DOCA and Creditors' Trust Deed

#### **DOCA**

On 26 June 2020, the Company entered into the DOCA with the Administrators.

The key terms of the DOCA are detailed in Section 2.3.2.

Indemnification of Administrators

In addition to the key terms, the Administrators and Deed Administrators are entitled to be indemnified out of, and will have a lien over, the cash held by the Group at Completion, including in respect of their remuneration, costs, fees and expenses for work done in the performance of their duties as Administrators and Deed Administrators of the Group.

The DOCA will terminate upon the following events:

- upon completion under the DOCA; or
- if completion of the DOCA does not occur by the Due Date as defined in the DOCA (being 30 November 2020 or such later date as may be specified in a written notice issued by the Deed Administrators to the creditors) and the Deed Administrators decide the DOCA should terminate; or
- if a court of competent jurisdiction orders that the DOCA be terminated in accordance with section 445D of the Corporations Act; or
- if the Creditors resolve to terminate the DOCA at a meeting of Creditors.

#### **Creditors' Trust Deed**

On 26 June 2020, the Company executed a trust deed with the Deed Administrators (**Creditors' Trust Deed**) which will establish a creditors' trust for the benefit of creditors. The Deed Administrators are the Trustees of the Creditor's Trust (**Trustees**).

Pursuant to the terms of the Creditors' Trust Deed, the Creditors' Trust fund will be distributed in the manner set out in Section 2.3.2.

The Trustees will be entitled to be indemnified, to the extent permitted by law, and will have a lien over the funds in the Creditors' Trust.

## 12.6.2 NRW Mining Contract

On 13 December 2017, GNT Resources entered into a contract with NRW under which NRW performs certain open pit mining and ancillary services for GNT Resources (**NRW Mining Contract**).

The term of the NRW Mining Contract is the known mining period in the life of mine plan.

GNT Resources and NRW are at an advanced stage of negotiations for a variation to certain rates and prices contained in the NRW Mining Contract. GNT Resources has received revised rates and prices from NRW that are, in the opinion of the Company, competitive with current market rates for comparable mining services. Upon finalisation of the negotiations, the parties intend to sign a letter of intent in advance of completing the documentation required to amend the NRW Mining Contract.

Either party may terminate the NRW Mining Contract if the other party is in default and fails to remedy the default within the prescribed period.

#### 12.6.3 Zenith PPA

On 7 December 2017, GNT Resources entered into a power purchase agreement with Zenith Pacific (DGA) Pty Ltd (**Zenith**) to build, own and operate a 15MW gas-fired power station for the Dalgaranga Gold Project (**PPA**).

Under the terms of the PPA, Zenith has constructed a power station to service the power needs of the Dalgaranga Gold Project.

The PPA has an initial 6 year term, with GNT Resources having the option to extend this for a further 4 years.

Each month during the supply period, GNT Resources pays Zenith certain charges that are adjusted annually.

GNT Resources may terminate the PPA without cause by giving Zenith minimum 3 months' written notice. If GNT Resources terminates without cause and does not

purchase the power plant (see below), GNT Resources is liable to pay to Zenith a termination payment, a demobilisation payment and all break costs incurred by Zenith under the PPA (up to a maximum aggregate break cost cap of \$500,000). Either party may terminate the PPA if the other party is in default and fails to remedy the default within the prescribed period.

GNT Resources may elect to purchase all of the assets constituting the power plant where GNT Resources gives notice of early termination of the PPA, where GNT Resources becomes entitled to terminate the PPA due to a default by Zenith, where the PPA is terminated due to an event of force majeure or at the expiry of the term.

# 12.6.4 LNG Supply Agreement

On 29 January 2018, the GNT Resources entered into a long term LNG supply agreement with EVOL LNG (**EVOL**) to power the 15MW gas-fired power station for the Dalgaranga Gold Project, owned by Zenith.

Under the terms of the LNG supply agreement, EVOL is supplying the +1.0 million litre storage facility and the vaporisation equipment required for the power station, and to supply the Dalgaranga Gold Project's 2.5Mtpa CIL gold processing facility.

The LNG supply agreement has an initial 6 year supply term, with GNT Resources having the option to extend the supply term for a further 2 years.

Semi-monthly during the supply period, GNT Resources pays EVOL certain charges (some of which may be adjusted quarterly). The Company has guaranteed the due performance of GNT Resources of the payment obligations under this agreement.

During the supply period, GNT Resources may provide EVOL with a minimum of 6 months' written notice to terminate before the end of the supply period if GNT Resources ceases mining and mineral processing activities. If this occurs an early termination charge is payable. Either party may terminate the LNG supply agreement if the other party is in default and fails to remedy the default within the prescribed period.

# 12.6.5 Solution Supply Agreement

On 15 May 2018, GNT Resources entered into an exclusive solution supply agreement with Australian Gold Reagents Pty. Ltd. (**AGR**) for the supply of sodium cyanide solution for use at the Dalgaranga Gold Project.

The solution supply agreement has a 5 year term. GNT Resources may obtain sodium cyanide solution from other sources if AGR is unable to deliver, interrupts, curtails or suspends supply of sodium cyanide solution so that the volume of the storage facilities falls below the minimum volume and is expected to remain below for a period exceeding 5 days.

GNT pays AGR a delivered rate per dry metric tonne of sodium cyanide solution (adjusted quarterly).

Either party may terminate the solution supply agreement if the other party is in default and fails to remedy the default within the prescribed period.

## 12.6.6 Diesel Fuel Supply

WA Fuel Supplies Pty Ltd (**WA Fuel**) supplies diesel fuel to GNT Resources for use at the Dalgaranga Gold Project.

The diesel fuel is priced daily and deliveries are scheduled in advance based on daily fuel dips circulated to WA Fuel.

This arrangement is not documented with a formal agreement.

#### 12.6.7 Operating Agreements

The Company has entered into a number of standard operating agreements for the Company's exploration and mining activities, including for camp services, drilling, chemical supply, gas supply and aircraft charters. These operating agreements are entered into on arm's length commercial terms with parties of good standing.

# 12.7 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

# 12.8 Participation in issues of securities

Except as described in this Prospectus, the Company has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of the Company's Securities.

# 12.9 Legal proceedings

#### 12.9.1 Habrok proceedings

On 4 August 2020, the Group received notice that proceedings have been commenced in the Federal Court of Australia by Habrok. Habrok's claims relate to alleged deficiencies in the administrators report to creditors which resulted in the proposed DOCA, assert that the DOCA is oppressive and unfairly prejudicial to creditors and that it shields the directors and advisors of the Company from appropriate scrutiny and investigations.

Habrok's proceedings seek an order terminating the DOCA and orders to the effect that the Company be wound up. The Federal Court of Australia has currently listed the matter for an urgent hearing on 25 and 26 August 2020 and made consequent orders programming the interlocutory steps towards such a hearing date. This is on the basis of an undertaking by the Company and the Deed Administrators to the effect that the Company would not issue the New Shares before 1 September 2020 (or such later date as may be agreed or ordered).

If the Habrok proceedings are not resolved in favour of the Group within the period of 3 months after the date of the General Meeting (or such period as varied by ASIC, ASX or a court of competent jurisdiction (as the case may be)) as described in Section 7.16, there is a risk that the Company may not be able to meet the requirements of ASX for requotation of its Shares on ASX. One of the ASX Reinstatement Conditions (as set out in Section 2.7) is that the Company provides an update to ASX on all litigation with respect to the Company (if any). If the Company is not able to meet the requirements of ASX for re-quotation of its Shares on ASX, the Company will not issue any New Shares under the relevant Offer and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

There is also a risk that the Company may not be able to satisfy the DOCA conditions. If the DOCA conditions are not satisfied the Company may remain subject to deed of company arrangement or proceed to liquidation.

## 12.9.2 Other proceedings

The Company and its subsidiaries are, from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As at the Prospectus Date and

other than the Habrok proceedings referred to above, there are no current, pending or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company or its subsidiaries are directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

# 12.10 ASX waivers and confirmations

Waiver of ASX Listing Rule 7.11.3

ASX Listing Rule 7.11.3 provides that the ratio of securities offered by a listed entity under a non-renounceable pro-rata issue must not be greater than 1 security for each security held. As the Entitlement Offer involves a ratio of 2.00 New Shares for every 1 Share, the Company has sought and received a conditional waiver from ASX in respect to ASX Listing Rule 7.11.3 to undertake the Entitlement Offer.

The waiver of ASX Listing Rule 7.11.3 is conditional upon:

- Shareholders approving the Entitlement Offer;
- the notice of meeting containing a voting exclusion statement that excludes the
  votes of any substantial shareholders, any proposed underwriter or subunderwriter of the Entitlement Offer, any brokers or managers of the Entitlement
  Offer, and any of their respective associates; and
- the Company releasing details of the waiver at the time that full details of the Entitlement Offer is announced to Shareholders on the ASX Market Announcements Platform.

As noted in Section 2.8, on 5 August 2020 Shareholders approved the Entitlement Offer.

Waiver of ASX Listing Rule 7.15

ASX Listing Rule 7.15 provides that if an entity must get the approval of holders of ordinary securities to make an offer, or issue securities, the record date to decide shareholder entitlements must be at least 4 business days after the date of the meeting. As the Record Date for the Entitlement Offer is 3 business days after the date of the General Meeting, the Company has sought and received a conditional waiver from ASX in respect to ASX Listing Rule 7.15 to undertake the Entitlement Offer.

The waiver of ASX Listing Rule 7.15 is conditional upon:

- the Company's Shares not being reinstated to official quotation at any time prior to the General Meeting and completion of the Consolidation; and
- the Company releasing details of the waiver at the time that full details of the Entitlement Offer is announced to Shareholders on the ASX Market Announcements Platform.

As noted in Section 2.8, on 5 August 2020 Shareholders approved the Entitlement Offer.

# 12.11 Taxation considerations

The acquisition and disposal of securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

# 12.12 Consent to be named and statement of disclaimers of responsibility

Each of the parties listed below in this Section 12.12 (each a **consenting party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Canaccord Genuity (Australia) Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Lead Manager to the Offer;
- Foster Stockbroking Pty Limited and Bridge Street Capital Partners Pty Ltd have given, and have not withdrawn prior to the Prospectus Date, their respective written consent to be named in this Prospectus as a co-manager to the Offer;
- Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting have given, and have not withdrawn prior to the Prospectus Date, their written consent to be named in this Prospectus as Deed Administrator in the form and context in which they are named;
- Herbert Smith Freehills has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation and stamp duty matters) to the Company in relation to the Offer in the form and context in which it is named:
- BDO Corporate Finance (WA) Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 10 in the form and context in which it is included;
- Investec Australia Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as corporate advisor of the Company in the form and context in which it is named;
- Grant Thornton Audit Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of the Company in the form and context in which it is named;
- Mining One Pty Ltd has given, and has not withdrawn prior to the Prospectus
  Date, its written consent to be named in this Prospectus, in the form and context
  in which it is named and to the inclusion in this Prospectus of its Independent

Experts Report (Technical Assessment) in Section 11 in the form and context in which it is included; and

 Advanced Share Registry has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is named.

No consenting party referred to in this Section 12.12 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each consenting party referred to in this Section 12.12 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 12.12. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given in this paragraph above.

# 12.13 Ownership restrictions

## 12.13.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company, either themselves or through an associate.

## 12.13.2 Foreign Acquisitions and Takeovers Act

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisitions of shares in a company of 20% or more by a single foreign person and its associates (a substantial interest). The FATA also applies to the acquisition of an interest in an Australian land corporation (being an entity whose value of interests in Australian land exceeds 50% of the value of its total assets).

Where an acquisition of a substantial interest or an acquisition of an interest in an Australian land corporation meets certain criteria, the acquisition should be notified to the Foreign Investment Review Board (**FIRB**) for approval. This criteria usually includes monetary thresholds being met. However, on 29 March 2020, the Federal Treasurer announced that, due to the impacts of the coronavirus outbreak, all monetary thresholds would be temporarily reduced to \$0. The *Foreign Acquisitions and Takeovers Amendment (Threshold Test) Regulations* 2020 gave effect to this temporary change.

In addition, in accordance with the FATA and *Foreign Acquisitions and Takeovers Regulation* 2015, acquisitions of a direct interest in an Australian company by foreign government investor should be notified to FIRB for approval, irrespective of value. A 'direct interest' will typically include any investment of 10% or more in the company but may also include investment of less than 10% where the investor is in a position to influence or participate in the central management and control of the company or to influence, participate in or determine the policy of the company.

# 12.14 Costs of the Offer

If all Entitlements are accepted, the total expenses of the Entitlement Offer and Placement are estimated to be approximately \$7.4 million (excluding GST) and are expected to be applied towards the items set out in the table below:

| Expenses                       | \$            |
|--------------------------------|---------------|
| Lead Manager fees <sup>1</sup> | \$5.1 million |
| Legal fees                     | \$0.6 million |
| Other advisor fees             | \$1.6 million |
| ASIC / Other                   | \$0.1 million |
| Total                          | \$7.4 million |

1. Refer to Section 12.5.1 for details of fees payable to the Lead Manager.

# 12.15 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in Western Australia, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

# 12.16 Statement of Directors

This Prospectus has been authorised by each Director who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

George Bauk

Non-Executive Chairman

For and on behalf of

Gascovne Resources Limited (Subject to Deed of Company Arrangement)

# Appendix A – Glossary

| Term                                      | Meaning   |
|---|---|
| AAS or Australian<br>Accounting Standards | Australian Accounting Standards and other authoritative pronouncements issued by the AASB.  |
| AASB                                      | Australian Accounting Standards Board.  |
| Additional Shares                         | New Shares applied for by Eligible Retail Shareholders in excess of their Entitlement under the Top Up Facility.  |
| Administrators                            | Michael Ryan, Kathryn Warwick and Ian Francis of FTI Consulting as joint and several deed administrators of the Company.  |
| Appendix                                  | an appendix to this Prospectus.   |
| Applicant                                 | a person who submits an Application.  |
| Application                               | an application made to subscribe for Shares offered under this Prospectus.  |
| Application Form                          | an Entitlement and Acceptance Form, Confirmation Letter, NRW Offer Application Form, Creditors' Trust Offer Application Form and/or Bonus Share Application Form, as the context requires, which are attached to or accompanying this Prospectus. |
| Application Monies                        | the amount of money submitted or made available by an Applicant in connection with an Application.  |
| ASIC                                      | Australian Securities and Investments Commission.   |
| ASIC Act                                  | Australian Securities and Investments Commission Act 2001 (Cth).  |
| ASX                                       | ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange that it operates, as the context requires.   |
| ASX Listing Rules or<br>Listing Rules     | listing rules of ASX as amended, modified or waived from time to time.  |
| ASX's Official List                       | the Official List of listed companies published by the ASX as amended, modified or varied from to time.   |
| ASX Reinstatement<br>Conditions           | the conditions required by ASX in order for the Company's Shares to be reinstated to trading on the Official List, as summarised in Section 2.7.  |
| ASX Settlement                            | ASX Settlement Pty Limited ABN 49 008 504 532.  |
| ASX Settlement<br>Operating Rules         | the settlement operating rules of ASX Settlement.   |
| A\$ or AUD                                | the Australian dollar, being the lawful currency of Australia.  |
| Board or Board of<br>Directors            | the board of directors of the Company.  |
| Bonus Shares                              | 10,000,000 New Shares to be issued to Richard Hay (or his nominee) in connection with his employment contract.  |
| Business Day                              | a day on which ASX is open for trading securities, and banks are open for general banking business in Perth.  |
| Capital Raising                           | The Entitlement Offer, Shortfall Offer and Placement.   |

| Term                                       | Meaning  |
|--|--|
| CHESS                                      | Clearing House Electronic Subregister System operated in   |
|  | accordance with the Corporations Act.  |
| Closing Date                               | the date on which the Entitlement Offer is expected to close, being 10 September 2020.   |
| Co-Managers                                | Foster Stockbroking Pty Limited (ABN 15 088 747 148) and Bridge Street Capital Partners Pty Ltd (ABN 32 164 702 005).  |
| Company                                    | Gascoyne Resources Limited (Subject to Deed of Company Arrangement) (ACN 139 522 900).   |
| Competent Person                           | has the meaning given in the JORC Code.  |
| Completion or<br>Completion of the Offer   | the date on which Shares are issued and transferred to successful applicants in accordance with the terms of the Offer.  |
| Confirmation Letter                        | means a confirmation letter, substantially in the form provided in the Master ECM Terms (as posted on the website of the Australian Financial Markets Association), to be sent to, and to be signed by, each Institutional Investor confirming its participation in the Offer. |
| Consolidation                              | the consolidation of the Company's existing Shares on the basis that every 20 Shares are consolidated into 1 Share, with fractional entitlements rounded up or down to the nearest whole number, with entitlements to less than half of a Share or Option rounded down.        |
| Constitution                               | the constitution of the Company.   |
| Corporations Act                           | Corporations Act 2001 (Cth).   |
| Creditors' Trust                           | the trust created for the benefit of the Large Creditors' claims.  |
| Creditors' Trust Deed                      | the trust deed to be entered into between the Company and the Deed Administrators, as set out in Section 12.6.1.   |
| Creditors' Trust Offer                     | the offer of Creditors' Trust Shares to the Trustees under this Prospectus and in accordance with the terms of the DOCA, details of which are set out in Section 7.13.6.   |
| Creditors' Trust Offer<br>Application Form | the Application Form for the Creditors' Trust Offer.   |
| Creditors' Trust Shares                    | 120,000,000 New Shares issued pursuant to the Creditors' Trust Offer.  |
| Deed Administrators                        | the deed administrators under the DOCA, namely Michael Ryan, Kathryn Warwick and Ian Francis.  |
| Director                                   | a member of the Board.   |
| DOCA or Deed of Company Arrangement        | the deed of company arrangement between the Company and the Administrators executed on 26 June 2020.   |
| DOM  | declared ore mined.  |
| Eligible Institutional<br>Shareholders     | those Institutional Shareholders on the Record Date whom the Company and Lead Manager determine in their discretion:   |
|  | are eligible to participate in the Institutional Entitlement Offer;  |
|  | <ul> <li>successfully receives an invitation from the Lead Manager<br/>participate in the Institutional Entitlement Offer (either directly<br/>or through a nominee); and</li> </ul>   |
|  | are in a Permitted Jurisdiction.   |
|  |  |

| Term                            | Meaning Shareholders on the Record Date who:   |
|---------------------------------|--|
| Eligible Retail<br>Shareholders |  |
|                                 | are registered as a holder of Shares;  |
|                                 | <ul> <li>have a registered address in Australia or New Zealand as<br/>noted on the Company's share register or persons that the<br/>Company has determined in its direction are Eligible Retail<br/>Shareholders;</li> </ul>   |
|                                 | <ul> <li>are not in the United States and are not a person (including<br/>nominees or custodians) acting for the account or benefit of<br/>person in the United States;</li> </ul>   |
|                                 | <ul> <li>were not invited to participate in the Institutional Entitlement<br/>Offer and were not treated as Ineligible Institutional<br/>Shareholders under the Institutional Entitlement Offer (other<br/>than as a nominee or custodian, in each case in respect of<br/>other underlying holdings); and</li> </ul> |
|                                 | <ul> <li>are eligible under all applicable securities laws to receive a<br/>offer under the Retail Entitlement Offer.</li> </ul>   |
| Eligible Shareholder            | Eligible Institutional Shareholders and Eligible Retail Shareholders.  |
| Entitlement                     | the number of New Shares, for which an Eligible Shareholder entitled to subscribe under the Entitlement Offer, being 2.00 N Shares for every existing 1 Share held on the Record Date.   |
| Entitlement and Acceptance Form | the personalised entitlement and acceptance form either attached to or accompanying this Prospectus.   |
| Entitlement Offer               | the accelerated non-renounceable entitlement offer the subject this Prospectus.  |
| Expiry Date                     | 13 months after the Prospectus Date.   |
| FATA                            | Foreign Acquisitions and Takeovers Act 1975 (Cth).   |
| Finance Facility                | the facility agreement dated on or about 13 August 2020 betwee<br>the Company and the Financier. The key terms of the agreement<br>are summarised in Section 2.3.3.  |
| Financial Information           | has the meaning given to it in Section 4.1.  |
| Financier                       | Investec Bank Plc, Australia Branch  |
| FY2018                          | the financial year ended 30 June 2018.   |
| FY2019                          | the financial year ended 30 June 2019.   |
| General Meeting                 | has the meaning given to it in Section 2.8.  |
| GMZ                             | Gilbey's Main Zone.  |
| GNT Resources                   | GNT Resources Pty Ltd (Subject to Deed of Company Arrangement) ABN 35 159 772 077.   |
| Group                           | the Company and the Company's subsidiaries.  |
| GST                             | goods and services tax imposed in Australia.   |
| GWN                             | Golden Wings.  |
| Hedging Facility                | a hedging facility on terms approved by the Deed Administrator   |
| HY18                            | the six months ended 31 December 2018.   |
| HY19                            | the six months ended 31 December 2019.   |
| HIN                             | Holder Identification Number.  |

| Term                                    | Meaning  |
|---|--|
| Habrok                                  | Habrok (Dalgaranga) Pty Ltd ACN 640 780 141.   |
| Historical Financial Information        | the Statutory Historical Financial Information together with the Pro Forma Historical Information.   |
| IASB                                    | International Accounting Standards Board.  |
| IFRS                                    | International Financial Reporting Standards.   |
| Ineligible Institutional<br>Shareholder | an Institutional Shareholder who is not an Eligible Institutional Shareholder.   |
| Ineligible Retail<br>Shareholder        | a Shareholder (or beneficial holder of Shares) other than an Eligible Institutional Shareholder, Ineligible Institutional Shareholder or Eligible Retail Shareholder.  |
| Ineligible Shareholder                  | a Shareholder who is not an Eligible Shareholder.  |
| Institutional Entitlement<br>Offer      | the pro-rata accelerated non-renounceable entitlement offer to Eligible Institutional Shareholders.  |
| Institutional Investor                  | an institutional or professional investor who is:  |
|   | <ul> <li>if in Australia, either a "sophisticated investor", a "professional<br/>investor" or an "experienced investor" under sections 708(8),<br/>708(10) and 708(11) of the Corporations Act;</li> </ul>   |
|   | <ul> <li>if in Canada (British Columbia, Ontario and Quebec provinces<br/>only), an "accredited investor" as defined in National<br/>Instrument 45-106 – Prospectus Exemptions ("NI 45-106");</li> </ul>   |
|   | <ul> <li>if in Germany, a "qualified investor" (as defined in Article 2(e)<br/>of the Regulation (EU) 2017/1129 of the European Parliament<br/>and the Council of the European Union);</li> </ul>  |
|   | <ul> <li>if in Hong Kong, a "professional investor" as defined under<br/>the Securities and Futures Ordinance of Hong Kong, Chapter<br/>571 of the Laws of Hong Kong;</li> </ul>   |
|   | <ul> <li>if in Luxembourg, a "qualified investor" (as defined in Article<br/>2(e) of the Regulation (EU) 2017/1129 of the European<br/>Parliament and the Council of the European Union);</li> </ul>   |
|   | • if in New Zealand, a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification); |
|   | <ul> <li>if in Singapore, an "institutional investor" or an "accredited<br/>investor" (as such terms are defined in the Securities and<br/>Futures Act of Singapore;</li> </ul>  |
|   | <ul> <li>if in South Africa, included in the categories of persons<br/>pertaining to "offers that are not offers to the public" as<br/>contained in section 96(1) of the South African Companies<br/>Act and, as such, you are not a person in respect of which the<br/>prospectus requirements of the South African Companies Act<br/>apply;</li> </ul>   |
|   | <ul> <li>if in Switzerland, a "professional client" within the meaning of<br/>article 4(3) of the Swiss Financial Services Act ("FinSA") or</li> </ul>   |

| Term                                 | Meaning   |
|--------------------------------------|---|
|                                      | have validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA;  |
|                                      | <ul> <li>if in the United Kingdom, (i) a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing Section 86(7) of the UK Financial Services and Markets Act 2000; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and</li> </ul>  |
|                                      | • if in the United States, (i) an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act) ("IAI"); or (ii) a dealer or other professional fiduciary organized or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which it exercises investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act ("Eligible US Fund Managers"). |
| Institutional Shareholder            | a Shareholder who is an Institutional Investor.   |
| Investigating Accountant             | BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045.  |
| Investigating<br>Accountant's Report | the Investigating Accountant's Report and financial services guide prepared by the Investigating Accountant and set out in Section 10.  |
| Issue Price                          | A\$0.025.   |
| JORC Code                            | Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves 2012 Edition.  |
| Large Creditors                      | has the meaning given in Section 2.3.2.   |
| Lead Manager                         | Canaccord Genuity (Australia) Limited ABN 19 075 071 466.   |
| LOMP                                 | Life of mine plan.  |
| LUC                                  | localised uniform conditioning estimation method.   |
| Mineral Resources                    | has the meaning given in the JORC Code.   |
| Mtpa                                 | million tonnes per annum.   |
| New Shares                           | any new Shares offered pursuant to the Offers made under this Prospectus.   |
| NRW                                  | NRW Pty Ltd ABN 69 828 799 317 in its own right and as the trustee for the NRW Unit Trust.  |
| NRW Mining Contract                  | the mining services contract entered into on 13 December 2017 (as amended from time to time).   |
| NRW Offer                            | the offer of NRW Shares to NRW under this Prospectus, details of which are set out in Section 7.4.  |
| NRW Offer Application Form           | the Application Form for the NRW Offer.   |
| NRW Settlement<br>Agreement          | has the meaning given in Section 2.3.4.   |
| NRW Shares                           | 480,000,000 New Shares issued pursuant to the NRW Offer.  |
|                                      |   |

| Term                             | Meaning  |  |
|----------------------------------|--|--|
| Offers                           | each of the:   |  |
|                                  | 1 Entitlement Offer;   |  |
|                                  | 2 Shortfall Offer;   |  |
|                                  | 3 NRW Offer;   |  |
|                                  | 4 Creditors' Trust Offer;  |  |
|                                  | 5 Placement; and   |  |
|                                  | 6 offer of Bonus Shares.   |  |
| Offer Period                     | the period from 20 August 2020 to 10 September 2020.   |  |
| Official Quotation               | quotation of the price of a security by ASX.   |  |
| Ore Reserves                     | has the meaning given in the JORC Code.  |  |
| Original Banks                   | National Australia Bank Ltd and Commonwealth Bank of Australia.  |  |
| Permitted Jurisdiction           | means Australia, Canada (British Columbia, Ontario and Quebec provinces only), Germany, Hong Kong, Luxembourg, New Zealand, Singapore, South Africa, Switzerland, United Kingdom, and the United States. |  |
| Placement                        | the issue of 1,400,000,000 New Shares at \$0.025 per New Share (the same issue price as the Entitlement Offer) to Institutional Investors.   |  |
| Prospectus                       | this document (including the electronic form of this document) and any supplementary or replacement prospectus in relation to this document.   |  |
| Prospectus Date                  | the date on which a copy of this Prospectus was lodged with ASIC, being 13 August 2020.  |  |
| Recapitalisation                 | the proposed recapitalisation of the Company as detailed in Section 2.3.   |  |
| Record Date                      | the date specified in the Timetable.   |  |
| Refinance Security               | the first ranking security entered into in connection with the Finance Facility.   |  |
| Regulation S                     | Regulation S under the US Securities Act.  |  |
| Related Body Corporate           | has the meaning given in the Corporations Act.   |  |
| Retail Entitlement Offer         | the pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders pursuant to this Prospectus.   |  |
| Securities                       | all securities of the Company, including a Share or an Option (as the context requires).   |  |
| Settlement                       | Settlement in respect of the Shares the subject of the Offer, occurring as described in the Underwriting Agreement.  |  |
| Share                            | a fully paid ordinary share in the Company.  |  |
| Share Registry                   | Advanced Share Registry Limited ABN 14 127 175 946.  |  |
| Shareholder                      | a holder of Shares.  |  |
| Shareholding                     | a holding of Shares.   |  |
| Shortfall or Shortfall<br>Shares | any New Shares not subscribed for under the Placement and any Entitlements not taken up under the Entitlement Offer (including the Top Up Facility).   |  |

| Term                       | Meaning   |
|----------------------------|---|
| Shortfall Offer            | the offer of the Shortfall.   |
| SRN                        | Securityholder Reference Number.  |
| Timetable                  | the indicative timetable set out at the commencement of this Prospectus.  |
| Top Up Facility            | The top up offer under which Eligible Retail Shareholders may apply for Additional Shares in excess of their Entitlement, capped at 50% of their Entitlement. |
| Trustees                   | the trustees of the Creditors' Trust, being Michael Ryan, Kathryn Warwick and Ian Francis.  |
| Underwriting Agreement     | the underwriting agreement dated 13 August 2020 between the Company and the Lead Manager.   |
| United States or US or USA | the United States of America.   |
| US Securities Act          | United States Securities Act of 1933, as amended.   |

# **Corporate Directory**

**Directors** 

George Bauk Rowan Johnston Richard Hay

**Chief Financial Officer** 

**David Coyne** 

**Company Secretary** 

Shane McBride

#### **Registered Office**

Level 1, 41-47 Colin Street, West Perth, Western Australia, 6005

Telephone: + 61 8 9481 3434 Facsimile: + 61 8 9481 0411

https://www.gascoyneresources.com.au/

#### **Deed Administrators\***

Michael Ryan, Kathryn Warwick and Ian Francis FTI Consulting Level 47, Central Park, 152 – 158 St Georges Terrace, Perth, Western Australia, 6000

#### Share Registry\*

Advanced Share Registry Limited 110 Stirling Highway, Nedlands, Western Australia, 6009

#### **Independent Technical Adviser**

Mining One Pty Ltd Level 9, 50 Market Street, Melbourne, Victoria, 3000

#### Solicitors

Herbert Smith Freehills QV.1 Building, 250 St Georges Terrace, Perth, Western Australia, 6000

#### **Investigating Accountant**

BDO Corporate Finance (WA) Pty Ltd 38 Station Street, Subiaco, Western Australia, 6008

#### **Lead Manager**

Canaccord Genuity (Australia) Limited Level 4, 60 Collins Street, Melbourne, Victoria, Australia, 3000

#### Auditor\*

Grant Thornton Audit Pty Ltd Level 43, Central Park, 152 – 158 St Georges Terrace, Perth, Western Australia, 6000

#### Co-Managers

Foster Stockbroking Pty Limited Level 25, 52 Martin Place, Sydney, New South Wales, 2000

Bridge Street Capital Partners Pty Ltd Level 14, 234 George Street, Sydney, New South Wales, 2000

If you have any questions, please call Advanced Share Registry Limited on 1 300 113 258 (within Australia) or (+61 8) 9389 8033 (outside Australia) at any time between 8.30am and 5.00pm (Perth time), Monday to Friday, until the Closing Date. Alternatively, please contact your broker, accountant or other professional adviser.

<sup>\*</sup>These entities have been included for information purposes only. They have not been involved in the preparation of the Prospectus.