Market Announcement

15 October 2019

Gasfields Limited (ASX: GFS) – Removal from Official List

Description

Gasfields Limited ('GFS') has been removed from the Official List of ASX Limited ("ASX") effective from the commencement of trading on 15 October 2019.

The reasons for the removal will be apparent from the attached correspondence between ASX and GFS and its solicitors dated 13 September 2019, 11 October 2019 and 14 October 2019.

Having regard to the matters raised in that correspondence, ASX has formed the view that it is appropriate to remove GFS from the Official List under Listing Rule 17.12.

Issued by

Wade Baggott
Manager, Listings Compliance (Perth)

14 October 2019

Mr Tim Flahvin
Partner
Thomson Geer
Level 25, 1 O'Connell Street
Sydney NSW 2000

By email: tflahvin@tglaw.com.au

Dear Mr Flahvin

GASFIELDS LIMITED ("GFS"): Show cause

ASX Limited ("ASX") refers to its letter dated 16 September 2019 to GFS ("Show Cause Letter") and your response on behalf of GFS dated 11 October 2019, received at 5:36pm WST on Friday 11 October 2019 ("Response").

Having carefully considered the matters set out in the Show Cause Letter and the Response, ASX has determined that it is appropriate to remove GFS from the ASX official list with effect from the commencement of trading tomorrow 15 October 2019.

ASX notes your request that ASX afford the company procedural fairness by giving GFS:

- an opportunity to provide any further information to the ASX that it might require to clarify any outstanding issues or the submissions in the Response;
- a written response to the submissions and reasonably comprehensive reasons for any decision to delist GFS; and
- at least 5 business days' notice of any proposed delisting.

ASX provided its reasons for seeking to remove GFS from the official list in its original Show Cause Letter. ASX asked for a response to that letter by the open of trading on Monday 30 September 2019. On 23 September 2019, on behalf of GFS, you requested an extension of time to adequately the matters raised in the Show Cause Letter. ASX acceded to that request and gave GFS an extension of (effectively) two full working weeks close of business on Friday 11 October 2019. In ASX's view, GFS has had ample time to formulate its Response.

ASX does not consider your submissions to have sufficient merit to dissuade it from its view that it is appropriate to remove GFS from the official list. In this regard, ASX would note the following:

Independent Legal Review

ASX's letter to GFS dated 24 April 2018 requested *"an independent legal review satisfactory to ASX of the legality and appropriateness of the consulting fees paid by REL to Ochre Group Holdings Limited."*

In its Show Cause Letter, ASX quoted from an announcement made by GFS as to one of the conditions of reinstatement being *"An independent legal review of the consulting arrangement between the Company and Ochre Group Holdings Limited".*

The independent legal review provided to ASX considers only Chapter 2E of the Corporations Act 2001 (Cth) and Chapter 10 of the Listing Rules. It does not consider whether the consultancy arrangement was appropriate under sections 180, 181 and 182 of the Corporations Act or the fiduciary responsibilities of GFS directors.

ASX considers that its request for a satisfactory independent legal review has not been fulfilled.

Re-compliance Transaction

The memo sent by Thomson Geer on behalf of GFS to ASX on 27 September 2019 provides details of a "Re-compliance Transaction". The Response seeks to argue that GFS should be permitted further time to pursue that transaction. The memo is similar to submissions previously provided to ASX by GFS in May 2019. The transaction does not appear to have advanced in any significant respect since May 2019. ASX has no confidence that GFS is capable of delivering that transaction.

Outstanding Accounts

We note the reasons given for the delay in lodging the interim financial report for the period ending 31 December 2018 and annual financial report for the period ending 30 June 2019 (namely, that there was a change in partner at Crowe Horwath and GFS had failed to pay Crowe Horwath outstanding fees).

ASX does not consider those reasons to be acceptable.

Correspondence from Botswana Stock Exchange

Item 1.10 of the Response states that "ASX is incorrect in its statement that Gasfields and its directors were banned from the Botswana Stock Exchange (BSE)".

The position stated in ASX's Show Cause Letter was:

> *On 30 August 2019 ASX received a letter from the Botswana Stock Exchange dated 9 August 2019 ("BSE Letter") advising that GFS is to be delisted from the BSE pursuant to Rule 13.3 of the BSE Equity Listings Requirements ("BSE Requirements"), because GFS has failed to remedy various non compliances with the BSE Requirements and there has been no efforts by GFS to remedy the contraventions despite engagements from the BSE.*
>
> *The BSE Letter states that the BSE has referred GFS and its directors to the Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") and GFS and its directors will be banned from listing on the BSE for a period of ten (10) years.*

The Response does not refute the accuracy of the information in the preceding paragraph.

ASX reserves the right to release a copy of this letter and your response on MAP under listing rule 18.7A.

Yours sincerely,

[sent electronically without signature]

Wade Baggott
Manager, Listings Compliance (Perth)

THOMSON GEER
LAWYERS

Level 25, 1 O'Connell Street
Sydney NSW 2000 Australia

GPO Box 3909 Sydney NSW 2001
DX 69 Sydney

T +61 2 8248 5800
F +61 2 8248 5899

Our ref TJF:4448668

11 October 2019

wade.baggott@asx.com.au

Mr Wade Baggott
Manager, Listings Compliance (Perth)
Australian Securities Exchange

Electronic

Dear Mr Baggott

Gasfields Limited (Gasfields)

We act for Gasfields Limited ACN 107 708 305 (**Company** or **Gasfields**).

We refer to your letter dated 16 September 2019 addressed to Gasfields Chairman Mr Michael Povey regarding the proposed termination of the Company's ASX listing (**ASX Letter**).

Please find below comments and submissions in relation to the queries set out in the ASX Letter.

1 Clarification of Background Matters

Firstly, we draw your attention to paragraphs within the ASX Letter that provide background and statements with which our client respectfully disagrees or requires to make a clarification. For the purpose of this exercise, we refer to the numbered paragraphs in the ASX Letter.

1.1 Paragraph 5

We understand that on 18 April 2018, the Company provided a response to ASX queries received on 28 February 2018 in which, in response to query 12 of those queries, the Company stated that Ochre Group Holdings Limited ACN 008 877 745 (**Ochre**) is a related party of the Company.

The Company submits that this statement was mistakenly made and that Ochre is not a related party of the Company (and was not a related party of the Company at the relevant time) pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**) or the ASX Listing Rules. Whether or not a party is a related party of another is a legal analysis and, for that reason, no relevance should be attached to any previous response by Gasfields to the effect that it was so related.

This matter is discussed further in sections 1.3 and 1.5 below in relation to what the ASX refers to as the Independent Legal Review.

We understand that the Independent Legal Review held the view that the commonality of directors between Ochre and the Company does not constitute a related party relationship between the two entities pursuant to the Corporations Act. We understand that the Independent Legal Review was provided to the ASX.

1.2 **Paragraph 9**

Paragraph 9 states that the Company's announcement released to the market on 12 April 2019 failed to mention the outstanding 'Reinstatement Conditions'. We submit that the disclosure of the 'Reinstatement Conditions' to the market was not required under the ASX Listing Rules and therefore the absence of that information should not be characterised as a failure.

1.3 **Paragraphs 10 to 13**

We have been provided with a copy of a letter from Mr Bob Barraket of Barraket Consulting dated 26 September 2019 (i.e, the Independent Legal Review) providing a legal opinion to the effect that Ochre was not a related party of Gasfields for the purposes of entering into the various services agreements or at the time of any payments made thereunder. Mr Barraket also provides an opinion that those transactions were not subject to any approval required under ASX Listing Rule 10.1.

Paragraph 13 further queries the status of the interim financial report for the period ending 31 December 2018 (**Interim Financial Report**). The Company submits that it had engaged Crowe Horwath (**Crowe**), to provide the Interim Financial Report. Following its engagement with Crowe, the relevant partner resigned from Crowe and the Interim Financial Report was not completed. The work was further delayed by the fact the Company had an account payable to Crowe which remained outstanding. We have been instructed that the initial work provided by Crowe on the Interim Financial Report did not uncover any major concerns in the financial reports of the Company.

As discussed, the Company is working with a new team at Crowe to finalise the Interim Financial Report and provide to the Company by 31 October 2019. In addition to this, the Company expects that it will complete and lodge its annual report within 2 weeks of lodgement of the Interim Financial Report.

With respect to the "proposed acquisition", as we have advised, those discussions have been on-going and the Company has, at significant legal and other cost, advanced those discussions. The ASX is now fully aware of those discussions which continue to be confidential and, subject to and covered by ASX Listing Rule 3.1A. The ASX will be kept up to date on all material advances on those discussions.

1.4 **Paragraphs 14 to 16**

Paragraphs 14 to 16 in the ASX Letter refer to the 'Re-compliance Transaction' proposed in the Company's announcement release to the market on 11 June 2019. Specifically you have queried why the in-principle advice discussed with ASX on 20 June 2019 had not yet been applied for and why no further correspondence in relation to the in-principle has been received.

As you are aware, the Company has been in negotiations with parties relating to the Re-compliance Transaction (**Re-compliance Transaction Party**). As the status of the negotiations remain confidential between the Company and the Re-compliance Transaction Party the Company has not made any further announcement regarding the Re-compliance Transaction pursuant to ASX Listing Rule 3.1A.3.

Further to this response, we have provided ASX with a confidential correspondence in relation to the Re-compliance Transaction (**Confidential Proposed Transaction Correspondence**) and the on-going negotiations and process being undertaken in co-operation with the Re-compliance Transaction Party on 27 September 2019.

We expect that ASX will have regard to the Confidential Proposed Transaction Correspondence when assessing the suitability of the Company to remain listed on the ASX.

1.5 **Paragraphs 17 to 21**

In relation to paragraph 17 we draw your attention to sections 1.1 and 1.3 of this response and the Independent Legal Review provided to ASX. Accordingly, we submit that in relation to all agreements entered with Ochre we are not aware of anything which would suggest that these were not entered into in compliance with all applicable legal requirements including the consulting fees paid to Ochre as set out in the Independent Legal Review. As to the question of appropriateness in relation to the continued dealings with Ochre, we are instructed that the directors believed that it was in the best interests of the Company and its shareholders.

On 18 April 2018, the Company announced to the market responses to the ASX queries received on 28 February 2018. Within these responses, the Company gave an in-depth description of the services provided to the Company by Ochre including a timeline of the continued dealings. We submit that the fees set out in paragraph 18 were payments made for services described in the Company's response dated 18 April 2018.

Paragraph 20 of the ASX Letter refers to an attempted announcement by Gasfields of a proposed acquisition of Ochre Energy Royalties Pty Limited ACN 150 613 022 (**Ochre Energy**). The ASX declined to allow the announcement on the grounds that it had not given the opinion on whether Ochre Energy and Ochre were related parties of Gasfields. ASX made this decision notwithstanding the fact that the announcement made it clear that approval was going to be sought under ASX Listing Rule 10.1 and that the shareholders would be provided with the benefit of an independent expert's report.

Paragraph 20 also states that, after rejecting the announcement, no further correspondence was provided to the ASX regarding that transaction. This is not correct. As ASX refers to in paragraph 21, ASX became aware of the fact that, instead of acquiring the shares in Ochre Energy, Gasfields wished to simply acquire from Ochre Energy the royalty interests.

In relation to this, paragraph 21 of the ASX Letter states that Gasfields made another "attempted announcement". This is an unfair characterisation of document submitted to the ASX. The announcement lodged with ASX was for review by ASX as a courtesy. We submit that this was not an attempted announcement as characterised in paragraph 21 of the ASX Letter but rather a lodgement with ASX for review. The Company further submits that the announcement lodged with ASX for review was reviewed and approved by the relevant entities to which the announcement related.

Both paragraphs 20 and 21 state that Gasfields failed to keep the ASX informed of the transactions referred to in the respective paragraphs. It should be clear that those transactions were not pursued in the proposed form (but remain opportunities for the Company), as the ASX would not allow Gasfields to communicate them to its shareholders.

1.6 **Paragraphs 22 to 23**

Paragraph 22 states that Gasfields has entered into convertible debt instruments with Nathan Featherby on various occasions since its suspension.

As the ASX knows, Mr Featherby has made several loans to Gasfields (**Loans**). The Loans are unsecured and interest-free. They are not convertible into shares without approval under ASX Listing Rule 10.1.

We understand that as at this date approximately $850,000 is owing by Gasfields under the Loans.

1.7 **Paragraphs 25 to 26**

As the ASX is aware, on 2 October 2019 the Company made an announcement to the market regarding the issue of convertible notes to raise up to $500,000 and the terms applicable to such securities. The announcement further states that on 2 October 2019 the Company had entered

into convertible note agreements with sophisticated investors to raise $200,000. Further, the Company announced on 10 October 2019 that $55,000 of the $200,000 had been received and the receipt of the balance of $145,000 was imminent under the executed convertible note agreements. The Company believes the balance of $300,000 of raising by way of convertible notes is likely to be completed by end of October 2019.

We understand that the Company currently has available cash and draw down facilities of $150,000. In addition to this, we understand that the Company holds fully paid tradeable securities to the value of $290,000 and has receivables from the recently announced convertible note issuance of $145,000.

We understand that options (with $0.003 exercise price) were also exercised during the recent quarter (in August 2019) to the value of $50,000.

The Company is confident in achieving a further $300,000 in convertible note funds/subscriptions by 31 October 2019.

Prior to 31 October 2019, the Company intends to settle creditors totalling $150,000 and redeem convertible notes to a value of $150,000. The unsecured and interest free facility is potentially convertible into equity at the Company's election (should it desire) and subject to any required shareholder approvals.

The directors have formed the view that the Company has good grounds for believing that the Company can pay its debts as and when they fall due.

1.8 **Paragraphs 27 to 28**

The Company is currently working with its accountants and auditors to complete the outstanding financial reports.

On the basis of its discussions referred to above, the directors are confident that the interim accounts will be completed and the Interim Financial Report disclosed to the market on or before 31 October 2019. It is expected that the full year accounts for 2019 will be lodged within two weeks of lodgement of the Interim Financial Report.

On this basis, the Company intends to hold its annual general meeting (**AGM**) by no later than December 2019.

1.9 **Paragraph 29**

The directors have conceded the lateness of the financial accounts for the reasons discussed above. It is also conceded that the Independent Legal Review even though it found that there was no related party relationship, should ideally have been provided earlier than it was.

On the issue of whether the Company does not appear to be progressing towards reinstatement, the directors strongly disagree. It should be evident to the ASX, for all the reasons raised in this letter and other recent communications, the Company has made significant progress and respectfully sees no reason why the Company should not be reinstated upon the lodgement of the financial accounts.

1.10 **Paragraphs 30 to 33**

ASX is incorrect in its statement that Gasfields and its directors were banned from the Botswana Stock Exchange (**BSE**).

As the ASX is aware, Gasfields has previously disclosed its intention to voluntarily delist from the BSE. In its Notice of Meeting of its 2017 AGM, the Company sought approval from its shareholders for this. Further, the results of the AGM that confirmed the relevant resolution to have been passed by over 98% of votes. The process of voluntary de-listing from the BSE is yet to be finalised.

In recent months the Company was not able to meet the BSE listing fees and the BSE wrote to the Company threatening to involuntarily de-list the Company and ban its directors for 10 years if the outstanding monies were not paid (such banning being a regulatory consequence of delisting for non-payment of listing fees) (**BSE Threat**).

The Company is pleased to advise that it has now paid the outstanding amount and has been verbally advised that the threat no longer exists. Further, the Company is still listed on the BSE and will be so until the board takes the steps to voluntarily remove it from the BSE. There is no longer any threat to the Company being involuntarily delisted from the BSE and there has been no ban of the Company or its directors (as referred to above). If ASX requests it, the Company can seek to procure written confirmation from the BSE in this regard.

In any event for the reasons stated above, from the directors' perspective there never was, and currently is not, any requirement to announce this.

Further to the above, it should be noted that given the incorrect assumptions made by the ASX in respect to the BSE position, the directors were alarmed by the suggestion in the ASX Letter that the position of the BSE means that "it is highly unlikely that Gasfields or its directors will be able to satisfy listing rule 1.1 condition 1 *or the good fame and character requirements of listing rule 1.1 condition 20…*[emphasis added].

With respect, that seemed an extraordinarily prejudicial statement given the nature of the matter between the BSE and Gasfields, even if an involuntary de-listing of director ban were to occur (which for avoidance of any doubt, has not happened and such a threat no longer exists) just by virtue of non-payment of any BSE fees. We understand that there certainly has been no misconduct or serious breach by the Company or any director in respect to any listing rule of BSE or breach of corporations law in Botswana.

2 Submissions in relation to Listing Rules 12.1 and 12.2

(a) We understand that ASX has key concerns with the following which has precipitated the ASX Letter (and the request to 'show cause'), namely:

(i) the relationship between Ochre and the Company (and the effect this may have on the legality of payments made by the Company to Ochre), which necessitated the Independent Legal Review;

(ii) the BSE Threat;

(iii) the late lodgement of its Interim Financial Report; and

(iv) the Re-Compliance Transaction which would enable the Company to be re-quoted.

(b) In relation to 2(a)(i) above, the Independent Legal Review unequivocally confirms that Ochre and the Company are not related parties and that payments made to Ochre under the consultancy agreements did not require shareholder approval (and in this regard were made legally).

(c) For the reasons described in section 1.10 of this response, neither the Company nor the directors have been banned from listing on the BSE and in this regard, there is no basis for ASX to have regard to the BSE Threat in any assessment of the Company's ability to satisfy Chapters 1 and 2 of the ASX Listing Rules in relation to the Re-Compliance Transaction or the good fame and character requirements of ASX Listing Rule 1.1 (condition 20).

(d) The directors expect that the Interim Financial Report will be completed by no later than 31 October 2019.

(e) As noted in section 1.4 and as described in the Confidential Proposed Transaction Correspondence, the Company has made significant progress in relation to the Re-Compliance Transaction and as such the Company should be afforded an opportunity to pursue that transaction with a view to being re-quoted.

(f) Having regard to the above and this submission, we do not consider that it would be appropriate that ASX delist the Company by exercising its discretion under ASX Listing Rule 17.12 (on the basis that it does not consider the Company has sufficient operations and adequate financial condition to warrant its continued listing as per ASX Listing Rules 12.1 and 12.2), especially having regard to the progress made in relation to the proposed Re-Compliance Transaction.

(g) As has been noted in paragraph 34 of the ASX Letter, the Company will in any event be automatically removed from the official list of the ASX on 7 March 2020. It is noted that the Company has been working towards this time frame in satisfying the ASX that it should be re-quoted (which the board believes it will be able to do if it can complete the proposed Re-Compliance Transaction). It will obviously need this time to complete the proposed Re-Compliance Transaction.

(h) A 'back door' listing is acknowledged in ASX Guidance Note 12 to be a way for a Company to inject an undertaking in circumstances where it has dissipated its assets through ongoing losses or unsuccessful exploration activities. ASX's policy to remove entities suspended for an unacceptably long period of time (i.e, 2 years of being suspended or 1 year after the deadline to lodge a document referred to in ASX Listing Rule 17.5) is geared towards enabling such an entity with sufficient time to identify and implement a suitable transaction that will lead to the resumption of trading in its securities.

We can only assume this policy exists so that the entity's shareholders have an appropriate period of time in which to implement a transaction which will warrant the continued listing of the shareholders' securities (and thereby salvage value in a struggling business).

(i) As noted in ASX Guidance Note 33 in relation to ASX Listing Rule 17.12, "*the power to terminate an entity's listing is not one that ASX exercises lightly, since it takes away from the entity's security holders the ability to trade their securities on a licensed securities exchange".*

(j) We submit that in circumstances such as the Company's, where:

(i) it has had previously had unsuccessful exploration activities, is suspended from trading and is seeking to implement the proposed Re-Compliance Transaction to achieve re-quotation of its securities; and

(ii) the period for automatic removal of an entity from the ASX has not yet expired,

it would not be appropriate for the ASX to remove the Company from the ASX until the Company has had the opportunity (and the appropriate time) to implement the proposed Re-Compliance Transaction having regard to the Company's collective shareholders' interests (including retaining their ability to trade their securities on a licensed securities exchange) which, in our view, should be given paramount consideration.

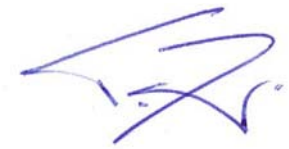
In the event that ASX is minded to delist the Company exercising its rights under ASX Listing Rule 17.12 (notwithstanding the submissions contained in this letter), we request that the ASX affords the Company procedural fairness by giving the Company:

- an opportunity to provide any further information to the ASX that it might require to clarify any outstanding issues or these submissions;

- a written response to the submissions and reasonably comprehensive reasons for any decision to delist the Company; and
- at least 5 business days' notice of any proposed delisting.

Please contact me if you would like to discuss this matter further. In the interim, we look forward to hearing from you.

Yours faithfully
THOMSON GEER



Tim Flahvin
Partner
T +61 2 8248 5850
M 0408 416 058
E tflahvin@tglaw.com.au

16 September 2019

Mr Michael Povey
Chairman
Gasfields Limited
Level 11, 52 Phillip Street
Sydney NSW 2000

By email: mgfpovey@gmail.com

Dear Mr Povey

GASFIELDS LIMITED ("GFS"): Show cause

ASX Limited ("ASX") refers to the following:

1. On 23 December 2004, GFS was admitted to the official list of ASX as a mining exploration entity with projects in Victoria and Western Australia. GFS transitioned to become an oil and gas exploration entity through the acquisition of an interest in Apex Energy NL during 2010.

2. On 28 February 2018, ASX sent a query letter ("February 2018 Query Letter") to GFS (then called Raven Energy Limited) with a response requested by 7 March 2018. ASX's queries were directed to, among other things, disclosures provided in GFS' Appendices 5B and the accuracy thereof; payments and transactions with related parties and their associates, and GFS' dealings with Ochre Group Holdings Limited ("Ochre Group"). This included, in particular, queries about what services have been provided by Ochre Group to GFS and the balance and terms of any loans between Ochre Group and GFS.

3. On 5 March 2018, GFS requested a trading halt "*pending an announcement of corporate activities relating to the Company's divestments in Botswana".* On 7 March 2018, GFS requested voluntary suspension of its securities for the same reason. GFS has remained suspended since that date.

4. On 29 March 2018, GFS released an announcement on MAP titled "Continuation of Voluntary Suspension of [GFS] Securities" in which it clarified that an additional reason for its suspension was the resolution of various ASX queries.

5. On 18 April 2018, GFS' response to the February Query 2018 Letter ("February 2018 Query Response") was released on MAP. The response confirmed that Ochre Group is a related entity of GFS due to having common directors with GFS.

6. On 19 April 2018, GFS released an announcement on MAP entitled "Corporate Update", referring to, among other things, an agreement between Executive Chairman, Nathan Featherby, and GFS with respect to a A$500,000 loan facility advanced by Mr Featherby to GFS ("Featherby Loan").

7. On 24 April 20218, ASX sent a letter to GFS including, among other things, further queries generated from the February 2018 Query Response and queries regarding fees paid to Ochre Group and consulting services provided by Mr Featherby.

8. On 24 April 2018, ASX sent a further letter to GFS ("Conditions Letter") requesting, among other things, information with respect to the Featherby Loan and clarification of certain GFS statements in the February 2018 Query Response. Due to the nature of the questions, the response and documents provided in response were not for release to the market. The letter also clarified in writing the conditions to be met by GFS prior to the reinstatement of GFS' securities to quotation. These conditions included the following:

- Demonstrate, pursuant to Listing Rule 12.2, that GFS' financial condition is adequate to warrant the continued quotation of its securities and its continued listing.
- Provide an independent legal review satisfactory to ASX of the legality and appropriateness of the consulting fees paid by GFS to Ochre Group.
- Release through MAP:
  - an announcement regarding GFS' corporate activities relating to its divestments in Botswana and finalisation of its current negotiations with respect to a strategic acquisition;
  - an announcement confirming receipt of cleared funds of $500,000 in respect of the Featherby Loan; and
  - GFS' March 2018 quarterly activities and cash flow reports.
- Respond to any outstanding ASX queries.
- Provide any other information or documents required or requested by ASX.

(together, "Reinstatement Conditions").

9. On 12 April 2019 GFS released an announcement on MAP entitled "Company Update" in which it advised that its securities would remain suspended "*pending finalisation of its ongoing discussions and financing requirements with respect to the Sacramento Basin Projects*". The announcement failed to mention the outstanding Reinstatement Conditions.

Independent Legal Review

10. During October and November 2018, ASX had email exchanges with a lawyer acting for GFS seeking the opinion of ASX on whether he would be sufficiently "independent" for the purposes of the legal advice required by ASX as part of the Reinstatement Conditions. The lawyer referred to the Conditions Letter and noted that he had been engaged by GFS on other matters, as well as to provide the independent legal review required. ASX confirmed to the lawyer via email exchange that he was not considered to be "independent" of GFS.

11. On 1 May 2019 in a telephone discussion between ASX and Nathan Featherby and Mr Kar Chua of GFS, Nathan Featherby claimed that GFS was not aware that ASX had advised that lawyer that he was not an appropriate lawyer to provide the independent legal review. ASX has the email correspondence advising of this lawyer's unacceptability to provide the advice, and considers it unlikely that the lawyer engaged by GFS would not have advised GFS of ASX's determination.

12. On 10 May 2019, GFS released an announcement on MAP entitled "Company Update" ("10 May 2019 Announcement"), which stated with respect to GFS' proposed reinstatement to Official Quotation:

    The Company will remain in voluntary suspension pending an announcement in respect of finalisation of its ongoing negotiations with respect to energy projects in the USA/Sacramento Basin California.

    This is the primary reason and continues to be the reason why the Company remains in suspension. The Company expects that these negotiations will complete in the current Quarter. Upon completion of a transaction relating to the USA/Sacramento Basin California Projects (USA Energy Transaction), the Company will also request the reinstatement of quotation to the official list, subject to the satisfaction of the conditions below. In the event that negotiations to do not lead to a transaction, the Company will advise the market accordingly.

    The lifting of the voluntary suspension is also conditional upon the Company satisfying the following conditions:

    - *completion of the independent legal review of the consulting arrangement between the Company and Ochre Group Holdings Limited (**Legal Review**);*

- *the Company demonstrating compliance with Listing Rule 12.2 (**Financial Condition**); and*
- *the Company complying with its outstanding periodic disclosure, in particular the half yearly report for the period ending 31 December 2018 (**Half-Yearly Report**).*

*The Company has engaged a legal adviser and is progressing with the review. Whilst the Company is unable to provide a definitive timeframe on the completion of this Legal Review, the Company anticipates that the Legal Review will be completed by **30 June 2019**.*

*The Company is preparing the Half-Yearly Report for audit by the Company's auditor. The Company will release the Half-Yearly Report to the market on completion following sign off by the auditor and the Company's board. The Company anticipates that the Half-Yearly Report will be completed by **30 June 2019**.*

With respect to the Financial Condition, The Company remains focused on minimising expenses and keeping a disciplined approach to cash management, particularly until such point as a transaction materialises. The Board of directors continues to support the Company to meet any cash requirements, and this is evident by the existing loan facility provided by Executive Chairman Mr Nathan Featherby.

13. ASX notes that GFS has not provided any update as to the status of the independent legal review and, as set out below, it has not lodged its interim financial report for the period ending 31 December nor provided any update to ASX with respect to the proposed acquisition.

Acquisition

14. On 11 June 2019, GFS released an announcement on MAP entitled "Company Update" which stated that, further to the 10 May 2019 Announcement, ASX had advised GFS that Listing Rules 11.1.2 and 11.1.3 applied to a proposed "significant corporate transaction" ("Re-compliance Transaction"). GFS stated that it would be in a position to provide further information about the Re-compliance Transaction prior to 30 June 2019.

15. On 20 June 2019, Wade Baggott of ASX emailed Nathan Featherby and Kar Chua of GFS, at their request, a copy of the ASX Application for In-Principle Advice template, so that GFS could make an application for in-principle advice in respect of the proposed Re-compliance Transaction. No further correspondence in respect of the application has been received.

16. In its Quarterly Activities Report dated 22 August 2019, GFS advised ASX that it would be in a position to provide further information about the Re-compliance Transaction "in the coming weeks". No further update has been provided to ASX.

Continued Dealings with Ochre Group

17. Between 3 April 2019 and 1 August 2019, GFS has attempted to acquire assets from and enter agreements with entities associated with Ochre Group, which, as stated above, ASX has previously been advised is a related party of GFS due to common directors. As indicated by previous query letters noted above, ASX is concerned with the legality and appropriateness of consulting fees paid to date by GFS to Ochre Group and awaits an independent legal review of past transactions between GFS and Ochre Group.

18. In particular we note that $1,806,099 was paid by GFS to Ochre Group in advisory fees and a further $108,691 was paid by GFS to Ochre Group for administrative services during the period 1 July 2016 to 31 December 2018.

19. Ochre Group was removed from the official list of ASX on 23 April 2018 pursuant to ASX's long term suspended entity policy, as it was suspended from trading for a continuous period of more than 3 years.

20. On 3 April 2019, GFS attempted to announce the acquisition of 100% of Ochre Energy Royalties Pty Ltd ("Ochre Energy"), which ASX understands to be an entity associated with Ochre Group. ASX declined to

release the announcement pending receipt of the independent legal review of past transactions with Ochre Group required as part of the Reinstatement Conditions. No further correspondence has been received by GFS regarding this transaction.

21. On 1 August 2019, GFS attempted to announce that it has commenced due diligence to acquire Australian based energy royalties from Ochre Energy. ASX again declined to release the announcement pending the receipt of the independent legal review of past transactions with Ochre Group. No further correspondence has been received by GFS regarding this transaction.

Debt to Nathan Featherby

22. GFS has entered into convertible debt instruments with Mr Nathan Featherby (former GFS Executive Chairman) on various occasions since its suspension. Based on the last Appendix 5B released by GFS on MAP for the quarter ended 31 March 2019 (released 9 May 2019), GFS has accrued a debt to Mr Featherby of $1,000,000.

23. On 22 February 2019 the Company sought shareholder approval under listing rule 10.11 in respect of the issue of $250,000 of convertible notes to Jemaya Pty Ltd (a company controlled by a parent of Mr Featherby and therefore a related part of GFS). No further shareholder approvals appear to have been sought or received in respect of the issue of the convertible debt instruments referred to in the previous paragraph.

Financial Condition

24. On 12 December 2018, GFS released its Annual Report for the period ended 30 June 2018 on MAP. The auditor's report on page 81 of the report states:

    Material Uncertainty Related to Going Concern
    We draw attention to Note 3(a) in the financial report, which indicates that the Group expended net cash from operations and net cash from investing activities during the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets. As stated in Note 3(a), these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

25. At 31 March 2019, GFS had $7,000 in cash and cash equivalents, with expected cash outflows for the June quarter of $500,000.

26. During the 9 months ended 31 March 2019 GFS had the following cash outflows for operating activities:

    26.1. $29,000 for exploration and evaluation; and

    26.2. $426,000 for administration and corporate costs.

Failure to Lodge Periodic Reports

27. GFS has failed to lodge its interim financial report for the period ending 31 December 2018 and its annual report for the period ending 30 June 2019.

28. GFS has also failed to lodge its Appendix 5B quarterly cashflow report for the period ended 30 June 2019, so its current cash position is unknown.

Engagement with ASX

29. GFS has failed to engage with ASX regarding the Reinstatement Conditions. In particular, GFS has failed to adhere to its own timeframes to comply with those conditions and does not appear to ASX to be progressing, realistically, towards reinstatement.

Correspondence from the Botswana Stock Exchange

30. On 30 August 2019 ASX received a letter from the Botswana Stock Exchange dated 9 August 2019 ("BSE Letter") advising that GFS is to be delisted from the BSE pursuant to Rule 13.3 of the BSE Equity Listings Requirements ("BSE Requirements"), because GFS has failed to remedy various non compliances with the BSE Requirements and there has been no efforts by GFS to remedy the contraventions despite engagements from the BSE.

31. The BSE Letter states that the BSE has referred GFS and its directors to the Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") and GFS and its directors will be banned from listing on the BSE for a period of ten (10) years.

32. ASX notes no announcement has been made to the MAP regarding the BSE Letter.

33. GFS sought and obtained shareholder approval to voluntarily delist from the BSE (its secondary listing), at its annual general meeting held on 30 November 2017. This does not appear to have been progressed by GFS since that date, despite its statements in the relevant notice of meeting that "*…the Directors have formed the view that the administrative costs and related obligations of remaining listed on the BSE are no longer justifiable…".*

Automatic Removal from ASX

34. GFS has been suspended from quotation continuously since 7 March 2018. Pursuant to current ASX policy, GFS will be automatically removed from the official list of ASX if the entity's securities have been suspended from trading for a continuous period of 2 years or when periodic reports have not been lodged for a period of 12 months, commencing 31 January 2020. As such, GFS is due for removal from the official list on 7 March 2020.

Proposed termination of ASX listing

Listing rules 12.1 and 12.2 provide:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

In light of the information set out above, ASX considers that the level of GFS' operations and its financial condition are not sufficient to warrant GFS' continued listing and that GFS is currently not in compliance with listing rules 12.1 and 12.2.

In addition:

- it would appear that GFS has failed to comply with its continuous disclosure obligations under listing rule 3.1 concerning (but not limited to) its removal from the BSE;
- ASX is concerned with the delay by GFS in fulfilling the Reinstatement Conditions, in particular the independent legal opinion with respect to the legality and appropriateness of consulting fees paid to Ochre Group;
- GFS continues to transact with Ochre Group despite ASX's concerns regarding Ochre Group's relationship with GFS and GFS' failure to obtain and provide to ASX the independent legal opinion;
- GFS does not appear to ASX to be realistically progressing towards reinstatement of its securities, which leads ASX to suspect that GFS has no desire to achieve reinstatement; and

- ASX notes GFS' outstanding periodic reports.

Listing rule 17.12 provides:

17.12 ASX may at any time remove an entity from the official list if, in ASX's opinion, any of the following applies.

- *The entity is unable or unwilling to comply with, or breaks, a listing rule.*
- *The entity has no quoted securities.*
- *It is appropriate for some other reason.*

The BSE have banned the directors of GFS and GFS as a company, from listing on the BSE for a period of ten years. In light of this ban and the requirement that GFS re-comply with Chapters 1 and 2 of the ASX Listing Rules in relation to the Re-Compliance Transaction, it is highly unlikely that GFS or its directors will be able to satisfy Listing Rule 1.1 condition 1 or the good fame and character requirements of listing rule 1.1 condition 20, and therefore likely that ASX will exercise its discretion to refuse GFS' re-admission to the ASX official list.

Unless GFS can make a good case to the contrary, ASX is proposing to remove GFS from the official list pursuant to listing rule 17.12 with effect on and from the commencement of trading on **Monday, 30 September 2019.**

If you wish to provide submissions on why GFS should not be removed from the official list, please ensure these are sent to me at ListingsCompliancePerth@asx.com.au by no later than close of business on Friday 27 September 2019.

ASX reserves the right to release a copy of this letter and your response on MAP under listing rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Please call me on 08 9224 0054 if you have any queries or wish to discuss any aspects of this letter.

Yours sincerely,

[sent electronically without signature]

Wade Baggott
Manager, Listings Compliance (Perth)