

27th April 2020

PLACEMENT AND ENTITLEMENT ISSUE TO RAISE \$0.8M

Great Western Exploration Limited (ASX:GTE) (“**Great Western**” or “**the Company**”) is pleased to announce a capital raising totalling approximately \$0.8 million (before costs) (“**Capital Raising**”), which will comprise of an initial placement of \$0.2 million, followed by a fully underwritten, non-renounceable entitlement issue to raise a further \$0.6 million. Funds raised by the Capital Raising will be used for exploration of the Company’s existing gold tenements, to pay creditors and general working capital purposes.

Great Western Chairman, Mr Kevin Somes commented that “The Capital Raising is a very positive outcome for Great Western, in what is currently a challenging operating and financing environment for many exploration companies given the well documented impact of COVID-19. Importantly, we are pleased to have been able to structure the Capital Raising in a manner that will provide existing shareholders with the opportunity to participate in the Capital Raising through the entitlement issue.”

With the Company’s cash position as at 31 March of \$41,000, the Board of Great Western considered a number of alternative financing options available to the Company and is pleased to advise that Hartleys Limited (“**Hartleys**”) has been appointed as sole lead manager to the Capital Raising and underwriter to the entitlement issue. Hartleys has received binding commitments for a placement to raise \$200,000 (before costs) from sophisticated, professional and other exempt investors and has entered into an underwriting agreement with the Company to underwrite a non-renounceable entitlement issue to raise \$613,175 (before costs) on the terms set out in Annexure A. The entitlement issue will be undertaken at the same issue price per share as the placement.

Share Consolidation

Prior to the settlement of the placement and launching the entitlement issue, the Company will seek shareholder approval at a general meeting to be held on or around 27 May 2020 (“**General Meeting**”) to consolidate its issued capital on the basis of one (1) share for every sixty (60) shares currently held (“**Consolidation**”). The Consolidation will reduce the number of shares on issue to create a more efficient capital structure. The Company has a significant number of shares on issue and the Board considers a share consolidation will provide an improved platform for future growth and a capital structure that will result in a share price level that is more attractive to a wider range of investors.

As the Consolidation will apply equally to all shareholders, individual shareholdings will be reduced in the same ratio as the total number of shares (subject only to rounding of fractions). The consolidation will have no material effect on the percentage interest in the Company of each shareholder from a pre-consolidation basis to a post-consolidation basis.

The number of options on issue will also be consolidated on a 1 for 60 basis, with the exercise price of the option increasing to reflect the consolidation ratio in accordance with ASX Listing Rule 7.22. The expiry dates of the options will not change.

Further details of the proposed Consolidation will be set out in the notice for the General Meeting.

Placement

Hartleys has received binding commitments for the placement of 20,000,000 shares at an issue price of \$0.01 per share on a post-Consolidation basis to raise \$200,000 before costs (“Placement”). The Placement is subject to shareholder approval at the General Meeting of the issue of the shares the subject of the Placement and also the Consolidation. The Placement shares are expected to be issued within 5 business days of the effective date of the Consolidation.

Entitlement Issue

Subject to completion of the Placement, the Company intends to lodge a prospectus for a fully underwritten, non-renounceable pro-rata entitlement issue which will offer eligible shareholders the opportunity to subscribe for three (3) new fully paid ordinary shares for every two (2) existing fully paid ordinary shares held at an issue price of 1 cent (\$0.01) per share on a post-Consolidation basis (“Entitlement Issue”). Approximately 61.3 million shares will be offered to eligible shareholders under the Entitlement Issue to raise approximately \$613,175 before costs.

The Entitlement Issue will be offered to all shareholders with registered addresses in Australia, New Zealand and Singapore who hold shares as at 5.00pm (AWST) on the record date (anticipated to be 11 June 2020). Persons who are issued shares under the Placement will be eligible to participate in the Entitlement Issue. New shares issued in the Entitlement Issue will rank equally with the shares already on issue and the Company will apply to the ASX for quotation of the new shares. The Company intends to rely on the ASX Class Waiver Decision – Non-renounceable Offers dated 31 March 2020 pursuant to which ASX granted a temporary waiver of the one-for-one cap on non-renounceable entitlement offers in ASX Listing Rule 7.11.3.

Indicative Capital Structure on Completion

On completion of the Consolidation and Capital Raising, the indicative capital structure of Great Western is expected to be as follows:

Capital Structure	Shares	Listed Options	Unlisted Options
Pre-Consolidation Securities	1,252,699,442	287,500,132	31,000,000
Post 60:1 Consolidation of Securities	20,878,324	4,791,669	516,667
Shares to be issued under the Placement	20,000,000	Nil	Nil
Shares to be issued under Entitlement Issue	61,317,486	Nil	Nil
Completion of Capital Raising	102,195,810	4,791,669	516,667

Note: Actual figures may differ due to rounding.

Combined with cost management initiatives, the Company will be well positioned to deliver shareholder value by exploration of its existing projects with an estimated cash balance of \$0.77 million post completion of the Capital Raising.

Company Update

In connection with the Capital Raising, and subject to shareholder approval of the Placement and Consolidation at the General Meeting, Messrs Grey Egerton-Warburton and Ross Williams have agreed to join current Executive Chairman Kevin Somes on the Board. Messrs Egerton-Warburton and Williams have significant company management and corporate finance experience including facilitating capital raisings for resource companies, providing strategic advice, financial structuring and advising on mergers and acquisitions. Both Messrs Egerton-Warburton and Williams will participate in the Placement and have agreed to take up all of their entitlements under the Entitlement Issue.

Following the completion of the Placement, Messrs Jordan Lockett and Terry Grammar will be stepping down from the Board. The Company would like to thank both Jordan and Terry for their extensive contributions to Great Western over a number of years and wish them well in their future endeavours. Mr Lockett will continue to make his services available to the Company on a consultancy basis. The Company is also pleased to announce that Mr Tony Walsh will replace Mr Justin Barton as Company Secretary following the completion of the Placement. Mr Barton will continue with the Company in the role of Financial Controller.

In order to minimise the Company's operating costs, the new Board will not receive any remuneration until such time as the Board resolves otherwise.

General Meeting and Indicative Timetable

The resolutions to be put to shareholders at the General Meeting will be to approve the Consolidation and the issue of the Placement shares. The notice of meeting and associated explanatory statement is expected to be despatched to shareholders this week and will contain all the information related to the Consolidation and the Placement required by shareholders to vote at the General Meeting.

Event	Indicative Date
Notice of Meeting despatched	28 April 2020
General Meeting of shareholders	27 May 2020
Notification to ASX that the share consolidation is approved	27 May 2020
Last day for trading in pre-consolidated securities	29 May 2020
Trading in the consolidated securities on a deferred settlement basis	1 June 2020
Completion of Placement	4 June 2020
Record date for Entitlement Issue	11 June 2020
Despatch of Entitlement Issue prospectus	16 June 2020
Entitlement Issue opens	16 June 2020
Entitlement Issue closes	30 June 2020
Allotment of Entitlement Issue shares and Shortfall Shares	7 July 2020

ASX ANNOUNCEMENT

ASX: GTE



This announcement has been authorised for release on ASX by the Board of Great Western Exploration Limited.

For and on behalf of the board

Kevin Somes

Chairman

Great Western Exploration Limited

Annexure A – Key Terms of Underwriting Agreement

The Company has entered into an underwriting agreement with Hartleys Limited (**Hartleys**) pursuant to which Hartleys has been engaged as sole underwriter to the Entitlement Issue and lead manager to the Placement (**Underwriting Agreement**). The Underwriting Agreement provides that Hartleys will fully underwrite the Entitlement Issue up to 61,317,486 Shares.

In consideration for its engagement, Hartleys will receive an underwriting fee equal to 6% of the total amount raised under the Entitlement Issue (i.e. \$36,790) and a lead manager fee equal to 6% of the total raised under the Placement (\$12,000). Hartleys will be reimbursed for out of pocket expenses reasonably incurred during its engagement.

If one or more of the following termination events occurs, Hartleys may terminate the Underwriting Agreement:

- (a) **Index fall:** the ASX all ordinaries index as published by ASX is at any time after 27 April 2020 10.0% or more below its level as at the close of business on the business day prior to the date of this document.
- (b) **Prospectus:** the Company does not lodge the prospectus on the lodgement date or the Placement or the Entitlement Issue is withdrawn by the Company without the prior written consent of the Underwriter;
- (c) **Breach of material contracts:** any of the contracts described in the prospectus are breached, not complied with according to its terms, terminated or substantially modified (other than as disclosed);
- (d) **Board and senior management composition:** there is a change to the board or a change in the senior management of the Company before completion of the Entitlement Issue without the consent of the Underwriter;
- (e) **Change in shareholdings:** other than as a result of the Placement or the Entitlement Issue there is a change in the major or controlling shareholdings of a group member or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a group member;
- (f) **Market conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, commercial banking activities or political or economic conditions of Australia, Hong Kong, Japan, the United Kingdom, the United States of America, the Peoples Republic of China or any other international financial market;
- (g) **Offer Materials:** there is a material misstatement or omission by the Company in or from the prospectus.
- (a) **Listing:** ASX announces or informs the Company (including verbally) that the Company will be removed from the official list or that Shares will be delisted or suspended from quotation by ASX for any reason, for the avoidance of doubt this does not include any voluntary suspension or trading halt that has been obtained by the Company with the Underwriter's prior written consent;
- (b) **Notification:** the Company receives notice of an application being made by ASIC or another person for an order under Part 9.5 of the Corporations Act or to any other government agency, in relation to the Capital Raising or ASIC or any other government agency commences or gives notice of an intention to hold an investigation, proceeding or hearing in relation to the Capital Raising or the prospectus;
- (c) **Authorisation:** any authorisation which is material to anything referred to in the prospectus is repealed, revoked, or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (d) **Quotation:** ASX announces or informs the Company (including verbally) that unconditional approval (or approval subject to customary listing conditions) by the ASX for Official Quotation of the Shares issued under the Capital Raising will be refused, or not granted within five business days of the date of the application or by the proposed date of allotment of Shares under the Offer (**Allotment Date**) or, if granted, such approval is withdrawn on or before the Allotment Date;
- (e) **Unable to issue securities:** the Company is prevented from allotting and issuing the Shares in accordance with the Underwriting Agreement and the timetable set out in the prospectus;



ASX: GTE

- (f) **Hostilities:** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs (whether or not war has been declared) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, Hong Kong, the People's Republic of China, Indonesia, India, Pakistan, Russia, Israel, any member of the European Union, the Democratic People's Republic of Korea, the Republic of Korea or Japan, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (g) **Timetable:**
 - (i) subject to (g)(ii) below, any event specified in the timetable for the Entitlements Issue is delayed by the Company for more than one business day without the prior written consent of the Underwriter (such consent not to be unreasonably withheld); or
 - (ii) the date of lodgement of the prospectus or the Allotment Date is delayed by the Company, in any way, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (h) **ASIC or ASX action:** the Placement or the Entitlements Issue is prevented from proceeding (without amendment on terms acceptable to the Underwriter) by reason of the Listing Rules, the Corporations Act or any other applicable laws or an order or investigation made by those bodies.
- (i) **Withdrawal of consent:** any person named in the prospectus withdraws that consent or refuses to give its consent
- (j) **Supplementary prospectus:** the Underwriter forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require or the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (k) **Certificate:** any certificate which is required to be delivered by the Company under this document is not delivered when required (other than as permitted under (g)(i) above) or is untrue, incorrect or misleading in a material respect;
- (l) **Suspension of creditor payments:** except as fully and fairly disclosed to the Underwriter prior to 27 April 2020, the Company suspends payment of its creditors;
- (m) **Insolvency:** the Company stating that it is unable to pay its debts as and when they fall due or failing to comply with a statutory demand, or any step being taken which will or is likely to result in the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official;
- (n) **Judgment against the Company:** a judgment in an amount exceeding \$50,000 is obtained against the Company and is not set aside or satisfied within 7 days;
- (o) **ASIC Modifications and ASX Waivers:** approval for any ASIC modifications or ASX waivers is subsequently withdrawn, or is varied in a way that in the reasonable opinion of the Underwriter, would have a material adverse effect on the success of the Placement or the Offer;
- (p) **Conduct:** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Placement or the Offer;
- (q) **Director:** a director or senior manager of the Company (in that capacity) is charged with an indictable offence, or any government agency or regulatory body commences any public action against a director or senior manager of any group member (in that capacity) or announces that it intends to take any such action or a director of the Company is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F, or 206G of the Corporations Act;
- (r) **Adverse change:** there is a material adverse change, or any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to the Underwriter (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is, or could reasonably be considered to

be, likely to give rise to a material adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Company and any of its subsidiaries taken as a whole, or is, or could reasonably be considered to be, likely to have a materially adverse effect on the marketing, settlement or outcome of the Placement or the Offer;

- (s) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after 27 April 2020 commenced or threatened against the Company, other than any claims disclosed during the due diligence process;
- (t) **Breach of obligations:** the Company is in breach of any terms and conditions of the Underwriting Agreement;
- (u) **Breach of representations:** any of the representations or warranties made or given by the Company in the Underwriting Agreement is or becomes incorrect, untrue or misleading;
- (v) **Information supplied to Underwriter:** the information supplied by or on behalf of the Company to the Underwriter including as part of undertaking due diligence is, or the results of due diligence investigations are, in the reasonable opinion of the Underwriter, false, misleading or deceptive (including by omission);
- (w) **Change in law:** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (other than a law or policy which has been announced prior to the date of this document);
- (x) **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (y) **Capital structure:** the Company alters its capital structure in any manner not contemplated by the Prospectus or as announced by the Company on or before the date of this document;
- (z) **Certain resolutions passed:** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (aa) **Force majeure:** the occurrence of any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties affecting the Company's business or any obligation under this document lasting in excess of 7 days occurs;
- (bb) **Prescribed Occurrence:** any of the events listed in section 652C(1)(a) to (h) of the Corporations Act occurs;
- (cc) **Contravention of law:** a contravention by the Company of the Corporations Act, its Constitution, any of the ASX Listing Rules, any other applicable laws or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any government agency;
- (dd) **Compliance:** any aspect of the Capital Raising, including the prospectus or the underwriting and any sub-underwriting of the Offer, does not comply with the Corporations Act, the Listing Rules, any ASIC modifications or the any ASX waiver or any other applicable laws or regulation, or requires an approval or other authorisation that has not been obtained at the date of the Underwriting Agreement.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.