



GOLDFIELDS CREDIT UNION

Goldfields Credit Union Limited

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Dear Member,

I am pleased to be in a position to outline a proposal to you that the Board of Goldfields Credit Union ("GCU") has considered at length and is very excited about pursuing. We will soon be seeking your approval to demutualise and list on the Australian Securities Exchange ("ASX"), in what we believe to be a very important step forward for GCU.

This means that members of GCU become shareholders in a company listed on the ASX. Subject to an audit process, the GCU constitution and regulatory requirements and approvals, it is proposed that GCU members will receive shares that could be worth in the vicinity of \$2,000 per member. You could then choose to continue to hold those shares, sell them or even buy more shares in GCU.

GCU is a capable and stable institution that has weathered the ups and downs of our community over the past 28 years and has seen off the global financial crisis. However, the banking environment continues to change and in this environment of change your Board has reviewed a number of opportunities to grow the organisation, to make it a stronger institution, continue to provide personalised banking services and increase its contribution to the local community.

To do this, GCU plans to pursue a strategic alliance with Patersons Securities Limited, The Australian Stockbroker ("Patersons"). Patersons is a 107 year old stockbroking firm with a strong Western Australian heritage. It has built an impressive national business, with 19 offices, 519 employees and around 200,000 clients. Importantly, it has grown a network of offices throughout Western Australia, including here in the Goldfields, along with Albany, Busselton, Bunbury and Geraldton. Patersons is well known in our region and has raised substantial capital for mining and mining services companies across the Goldfields.

Under this alliance, Patersons will provide GCU with the opportunity to access its full range of services including its extensive product distribution network and additionally utilise its office network to grow the business of GCU.

Patersons will also underwrite a \$9 million capital raising, which will provide substantial financial strength for GCU. GCU members under a "Member Offer" and Patersons shareholders under an "Entitlement Offer" will be given a priority opportunity to invest in this new issue if they choose. This would expand GCU's initial new capital position towards \$14 million and current members will have the opportunity to retain up to 60% of GCU.

GCU's existing branches in Kalgoorlie and Esperance and ATMs will remain open on a "business as usual" basis and we believe that further job opportunities will become available in the region as a result of this move.

A critical element of the Board's decision has been the proposal to create the Goldfields and Esperance Community Trust. It is intended that the Trust be endowed with a shareholding in GCU representing 3.8% of the company and be given an initial contribution of \$25,000 from Patersons. This investment will directly benefit the Goldfields and Esperance regions, with the Trust's Board to be drawn from the current GCU Board.

Under the Patersons alliance, Allan Pental, Bill McKenzie and Leigh Junk would continue in their respective roles on the GCU Board. Ashton George, Lisa Ellery and Greg Coyle, who have made a significant contribution to GCU, will step down as Directors to become the Foundation Directors of the Goldfields and Esperance Community Trust. Representatives from Patersons, Michael Manford (Executive Chairman) and Aaron Constantine (Executive Director – Head of Corporate Finance) will join the GCU Board as Non-Executive Directors.

To manage and implement GCU's growth strategy, Greg Wall will become Managing Director and CEO of GCU upon completion of its demutualisation. Greg is eminently well qualified for the job, having most recently been Managing Director of Home Building Society and before that, CEO of StateWest Credit Society.

GCU General Manager Farley Fewkes will continue in his current role.

GCU is strongly committed to maintaining its local identity and will also maintain a strong presence in the Goldfields and Esperance region. This commitment will be embedded in our brand which, under this proposal, would become "Patersons GCU – Your Local Banking Choice".

There is much work to do to proceed with the proposal and your Board will maintain communication with you, so you can understand what we are proposing, why we are proposing it and how your Board believes it is of benefit to all stakeholders. This will include providing you with an Explanatory Memorandum as a precursor to your opportunity to vote for the proposal.

Should you have any questions please put them in writing and address them to me at GCU.

We look forward to your support.

Yours sincerely



Allan Pental  
Chairman

On behalf of the Board of Goldfields Credit Union