

Gascoyne Water Co-operative Ltd
(ABN 32 590 776 789)

Co-operatives Act 2009 Section 16 Disclosure Statement

1. Gascoyne Water Co-operative Ltd (the "Co-operative"), first incorporated in 2006, is a transferred co-operative as defined in section 4 of the Co-operatives Act (the Act).
2. The monetary costs associated with preparing an application for incorporation (formation) under the Act -
 - i. are estimated to be in the order of \$26,400 inclusive of printing, postage and meeting costs;
 - ii. have been treated as an administrative expense in the financial year in which they were incurred; and
 - iii. are non-recurring and not of a material nature to the Co-operative.
3. The following active membership provisions are proposed for the Co-operative under the Act.

24. ACTIVE MEMBERSHIP PROVISIONS

- 24.1 In order to satisfy active membership criteria of the Co-operative, the Member must:
- (a) pay on or before the due date, the Contribution applicable to the Member and entitling the Member to draw from a diversion point 5 megalitres of water as calculated under Rules 79.3; and
 - (b) be an active Member of GWAMCO,
or
be GWAMCO and/or a GWAMCO related entity that supports an activity of the Co-operative as a counter party to a water delivery service agreement with the Co-operative.

26. CONDITIONS OF REMAINING A MEMBER

- 26.1 It is a condition of being a Member of the Co-operative that the Member complies with the active Member obligations under Rule 24.
- 26.2 A Member who becomes aware or suspects that they are or may be in breach of any of the above conditions must without delay notify the Co-operative of that breach or potential breach.
- 26.3 If the Board has reasonable grounds to believe that a Member has breached the condition in Rule 26.1 the Board must as soon as practicable give that Member a written notice stating the details of the breach and to rectify the breach within a specified period of not more than 12 months.
- 26.4 If a Member has not, in the opinion of the Board, satisfied the conditions of membership within the specified period, the Board must then provide to the Member at least 28 days' notice of its intention to cancel the Member's membership of the Co-operative and if the conditions of Membership remain unfulfilled, it must declare the membership of that Member cancelled effective at the expiration of the notice period.
- 26.5 Where a Member's membership has been cancelled under Rule 26.4 the Board must also declare the Shares of that Member forfeited at the same time as the Member's membership is cancelled. The Board must simultaneously cancel all Shares so forfeited and cancel the Corresponding Water Entitlements of that Member.
- 26.6 If the membership of a Member is cancelled under Rule 26.4 any amount due to the Member in respect of the cancellation must be dealt with in accordance with Rule 28.2
- 26.7 The Co-operative must keep a register stating the particulars, as prescribed by the Regulations, of persons whose membership has been cancelled under Rule 26.4.

27. CANCELLATION RELATING TO MISSING MEMBERS

- 27.1 The Board must, in accordance with Section 120 of the Act, declare the membership of a Member cancelled if the whereabouts of the Member is not presently known to the Co-operative and has not been known to the Co-operative for at least 1 year before the date of cancellation.
- 27.2 Where a Member's membership is to be cancelled under Rule 27.1, the Board must also declare the Shares of that Member to be forfeited and cancelled at the same time as the Member's membership is cancelled. The Board must simultaneously cancel all the Corresponding Water Entitlements of that Member.
- 27.3 If the membership of a Member is cancelled under Rule 27.1, any amount due to the Member in respect of the cancellation must be dealt with in accordance with Rule 28.2.

4. The rights attaching to a share in the Co-operative are certain entitlements to access water from the Co-operative, the right to participate in any limited dividend, as defined in the Act, declared by the board from time to time and a right to receive the nominal value of the share on liquidation of the Co-operative. The liability attaching to a share in the Co-operative is limited to the payment of any unpaid nominal value of the share. All Co-operative shares on issue at the date of this statement are fully paid to their nominal value.
5. The Co-operative is a transferred co-operative with -
 - i. annual financial reports provided to members;
 - ii. the directors not aware of any significant change in the financial outlook of the Co-operative since the date of the last annual report;
 - iii. no foreseen additional capital requirement to that available to the Co-operative as a transferred co-operative;
 - iv. the directors of the view that the Co-operative will be able to pay its debts in full as and when they fall due;
and
 - v. no exposure to Part 3 Division 5 third party pre-registration contracts.

February 2012