

IMPORTANT INFORMATION FOR SHAREHOLDERS

INITIAL RESPONSIVE STATEMENT TO NOM

Ten Sixty Four Limited (**Ten Sixty Four** or the **Company**) refers to the Notice of Meeting and accompanying Explanatory Memorandum (**NOM**) issued by Vitrinite Holdings Pty Ltd, Vitrinite Pty Ltd and Vitrinite Holdings LLC (**Convening Parties**) calling a general meeting of the Company for 26 October 2022. The Company is carefully reviewing the NOM, including in order to determine its validity

If the board of the Company (**Board**) determines that the NOM is valid, it will provide shareholders with a further response and recommendations with respect to the resolutions to be put to the meeting.

In the meantime, the Board recommends that shareholders **TAKE NO ACTION** in respect of the NOM pending further communication from the Company.

However, the NOM contains various statements relating to Mr Paul Ryan Welker's termination as Managing Director which, in the Board's view, require immediate correction and clarification. Accordingly, the Board has chosen to issue this response immediately. This response also addresses Mr Nicholas Williams' removal as a director of the Company's wholly owned subsidiary, Ten Sixty Four Queensland Limited (**X64 Qld**).

In summary, and as detailed further below, the Board's position with respect to the termination of Mr Welker and removal of Mr Williams is as follows:

- Mr Welker and Mr Williams held an interest in a drilling contract, which was not disclosed to the Board;
- invoices were created charging X64 Qld for drilling services under the drilling contract; and

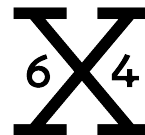
TEN SIXTY FOUR[®]

TEN SIXTY FOUR LIMITED
ABN: 60 099 377 849 | ASX: X64

📍 Suite A, Level 11 Preston St,
Como WA 6152, Australia
📄 PO Box 122
South Perth WA 6151, Australia

☎ +61 8 9474 1330
✉ investor@x64.gold
🌐 www.x64.gold

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- Mr Welker and Mr Williams failed to provide the Company with a satisfactory explanation as to why the drilling contract, and their interest in it, was not disclosed.

Relation of Convening Parties to former terminated/removed X64 employees

The Convening Parties are affiliated with Mr Paul Ryan Welker and Mr Nicholas Williams.

Mr Welker was previously Managing Director of Ten Sixty Four from March 2022 until his termination on 5 July 2022. The circumstances leading up to his termination are set out below.

Mr Williams was previously a director of X64 Qld. Mr Williams was removed as a director of X64 Qld at around the same time as Mr Welker was terminated. The circumstances leading up to this are also set out below.

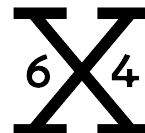
Circumstances leading to Mr Welker's termination as Managing Director of Ten Sixty Four

On 16 June 2022, X64 Qld entered into a services agreement with Ranger Equipment Pty Ltd (**Ranger Equipment**) for the provision of surface drilling services at the Company's 1064 Gold project in Clermont (**2022 Drilling Contract**) which referred to a commencement date of 4 April 2022.

The Company became aware of invoices from Ranger Equipment addressed to X64 Qld for drilling work (the **Drilling Invoices**). They covered work to 30 April 2022 in the amount of \$158,385.70 and work to 31 May 2022 in the amount of \$135,184.17.

On 24 June 2022, from a senior employee of the Company (**Employee**), the Board learned of:

- the existence of the 2022 Drilling Contract; and
- the Employee's concerns with respect to Mr Welker and Mr Williams' financial interest in Ranger Equipment.



This was the first time that the Board became aware of the existence of the 2022 Drilling Contract and the drilling work being undertaken under it for X64 Qld.

Mr Welker and Mr Williams are both directors of Ranger Equipment.

Further, the Board learned that the Drilling Invoices included disbursements for a company called Vulcan Mine Management Pty Ltd (**Vulcan Mine Management**) and that Mr Welker and Mr Williams are also directors of Vulcan Mine Management. The disbursements charged by Vulcan Mine Management included items for payroll tax and annual leave provision.

Vitrinite Holdings Pty Ltd and Vitrinite Holdings LLC (being 2 of the 3 Convening Parties) own in aggregate 98.75% of the shares in Ranger Equipment.

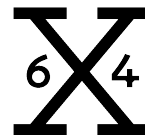
With respect to Vitrinite Holdings Pty Ltd, one of its shareholders is P. Ryan Welker & Co. Pty Ltd, being the corporate trustee of Mr Welker's family trust. Mr Welker is a beneficiary of the family trust and has previously disclosed that he controls the company. At the time the 2022 Drilling Contract was entered into, Mr Welker and Mr William's wife were both directors of the corporate trustee of Mr Welker's family trust.

By the Employee, the Board also learned that:

- Mr Williams had insisted that Ranger Equipment perform the surface drilling;
- Mr Williams had instructed the Employee to drill beyond what the Employee believed was appropriate; and
- the Employee had resigned from their position with X64 Qld in order to protect their professional reputation.

The Board is reviewing the Drilling Invoices.

On 24 June 2022 these matters were put to Mr Williams and Mr Welker and explanations were sought.



In response, on 25 June 2022, Mr Williams volunteered to terminate the 2022 Drilling Contract on behalf of Ranger Equipment and retract the Drilling Invoices. Mr Williams also stated, in relation to the Drilling Invoices, that:

- *“For March, April and May there are allot (sic) of parts, consumables and rental payments that have been passed through to X64. I need to get to the bottom of the salaries and wages, seems high?”*
- *“There has been a 10% markup on the costs.”*
- *“I understand the issues the board has with the conflict between Vitrinite owning Ranger and also shares in X64. Ranger isn’t a profit making company for Vitrinite, we just want to cover the costs. Setting up programs with a new rig, crew etc. initially (sic) does have start up costs that would normally be smoothed out as the program expands and volumes of meters increases.”*

On 27 June 2022, Mr Welker resigned as Managing Director, giving six months’ notice. On 5 July 2022, Ten Sixty Four terminated Mr Welker’s employment with immediate effect.

On 15 July 2022, Mr Williams was removed as a director of X64 Qld.

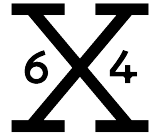
As shareholders will be aware, directors of public companies are required to disclose any material personal interest they hold in any matter relating to the affairs of the company, and may not be present while the matter is being considered or vote on the matter. Directors also have general duties to avoid conflicts between their personal interests and the company’s interests.

Response to inaccuracies in notice of meeting

There are numerous statements in the NOM that are incorrect or inaccurate that the Board considers it important to specifically clarify.

NOM conflates 2022 Drilling Contract with earlier drilling contract

The NOM refers to a “Drilling Contract” in relation to Mr Welker’s termination.



Mr Welker's position, as set out in the NOM, is that the "Drilling Contract" was disclosed to the Company as part of the terms and conditions of the "Sale Agreement".

There was a drilling contract dated 30 June 2021 between X64 Qld and Ranger Equipment, which was disclosed as part of the "Sale Agreement" dated 3 February 2022. The Board understands that no services were ever provided under this drilling contract and that it subsequently expired on 30 July 2021. But the NOM fails to make clear that there was a subsequent drilling contract between the parties: the **2022 Drilling Contract** dated 16 June 2022, which is discussed in detail above. This subsequent drilling contract was not disclosed to the Board and led to Mr Welker's termination.

2022 Drilling Contract was of significant value

The NOM characterises the "Drilling Contract" as being of "very low spend".

As outlined above, Ranger Equipment invoiced X64 Qld \$293,569.87 for approximately 2 months of work.

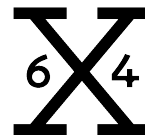
Further, the surface drilling requirements at 1064 Gold in Clermont required several months if not years worth of work from a drilling contractor. Had the 2022 Drilling Contract not been discovered and terminated, there was a possibility that further invoices would have been issued to X64 Qld.

For these reasons, the Board rejects the NOM's characterisation of the "Drilling Contract" as being of "very low spend".

Circumstances leading to withdrawal of previous NOM

Contrary to what is said in the NOM, the Company's objection to the 26 August 2022 notice of meeting (**August NOM**) was neither "highly technical" nor "designed to defeat a genuine attempt to appoint persons to the Board".

The Board takes this opportunity to reiterate that it respects the right of shareholders to convene general meetings. However, the Board considers it in



the interests of the Company and all shareholders to ensure that the right is lawfully exercised, so that any general meeting is validly convened.

Only one of the convening parties of the August NOM was a registered shareholder of the Company, and they held only ~3.18% of the shares in the Company. Whether an entity holds a beneficial interest in shares, which are not registered in its name, is irrelevant for the purposes of calling a meeting under section 249F of the Corporations Act. The convening parties appeared to recognise this, as they described Arbiter Partners Capital Management LLC in the August NOM as a registered shareholder of the Company. That was incorrect.

Accordingly, the convening parties did not, as required by section 249F, hold more than 5% of the votes that may be cast at a general meeting of the Company. The Company took legal advice and wrote to the convening parties about these matters. The convening parties promptly voluntarily withdrew the August NOM.

The Board will continue to ensure, in the interests of all shareholders, that any shareholders seeking to convene a meeting do so lawfully.

Next steps

As explained above, the Board is still assessing the NOM's validity and will provide shareholders with an update shortly. If the Board determines that the NOM is valid, and so the meeting will proceed, then it will provide shareholders with a further response to the NOM.