

13th December, 2018

Dear Gunnyang Shareholder,

As we close out 2018, I would like to report the highlights of the year to you and all Gunnyang shareholders. In short, it has been a very busy year for the board as we focused on keeping the Gunnyang a relevant, modern and quality alpine facility for shareholders.

To deliver on this the board has focused on:

The Facility

- The building after 15 years of trusted reliability needed some overdue care. The property has been painted (internally and externally, electrical services upgrade with lights and wiring and the carpet and curtains have also been replaced. On top of this, the stone work and ballastrading required significant repairs.
- As part of the works undertaken we have also converted the quiet room to a TV room that will ensure better use for all ages.
- Additionally we have addressed security issues with the property by installing the wiring for a camera security system which we anticipate will be operational by the end of 2019.

The Governance and Financials

- The board of directors is made up of a diverse group of professionals enjoys 50% female and 50% male composition. With that diversity, we enjoy strong and robust discussion and consideration around all aspects of Gunnyang operations and shareholder interests.
- In 2018 we appointed a dedicated external financial bookkeeper to ensure that our financials (budgets and reporting) are to a level that ensures efficiency and compliance to our accounting and taxation obligations.
- The Gunnyang Board meets monthly to discuss and review all aspects of the business. Minutes are available upon request.

Gunnyang Licence

- The Lodge from its establishment in Chimneys Way has a Kosciuszko Thredbo bed licence capacity for 10 people.
- The building has a class 1b fire rating. This limits the occupants of the building to 12 people.

Given the much greater levels of Director responsibilities and legal scrutiny the board advises

that all shareholders and non shareholder guests must comply with these legal requirements.

The requirements are not new, but the Board has taken the position that we must ensure that these conditions are adhered to.

Broadly across the Thredbo Village, the authorities - Department of Planning and KT - are taking much greater interest in what people are doing across the Village and looking to ensure compliance with requirements and building codes.

New booking system - CBDWeb

- For 2019 winter season we will be adopting an online booking system.
- The system has been designed specifically for Australian Ski Lodges by CBDWeb
- It allows automated bookings, instant confirmation and payment is available
- Customised specifically to Gunyang's booking rules.
- Members will be able to see other member bookings and waitlist for a room if already booked.

Rates

- It has been three years since the rates for Gunyang has been increased and even longer for subscription fees. Gunyang operates as a not for profit company. For 2019 the rates for the club have been modestly increased to enable us to keep your lodge facilities in Thredbo to a standard that should make you proud to invite friends to visit and/or stay. The rates and subscription fees are attached.

The AGM

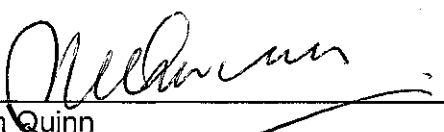
- The AGM was held in Sydney on Nov 28th 2018. Despite very inclement weather we registered 37 members and when proxies included the meeting enjoyed 35% shareholder participation. Please see minutes attached.
- At the meeting the vote was carried to amend the shareholder agreement to allow Gunyang to act against delinquent members who have not paid their annual subscription fees. A copy of the Constitution can be accessed on the Gunyang website.
- The meeting also elected two new directors to the board - and we welcome both Kerstine and Matthew.

In summary, the club is in great shape and ready to provide exceptional alpine holidays to shareholders for 2019. That said, please take advantage of the Thredbo Village expanded summer activities. A great alternative to a beach holiday.

All the best to all for a peaceful end of 2018 and a successful 2019.

Should you have any questions or queries please feel free to contact me directly.

Kind regards,


Mr. John Quinn
Chairman