



Recommended acquisition of AWE by Mineral Resources

- **Mineral Resources to acquire all AWE shares via a Scheme of Arrangement**
- **Recommended unanimously by AWE Board**
- **Implied value of \$0.83 per AWE share if the Mineral Resources VWAP is between \$15.00 and \$21.00 during the 10 trading days ending on the day prior to the scheme vote**
- **AWE shareholders to receive \$0.415 cash and between 0.0198 and 0.0277 Mineral Resources shares per AWE share¹**
- **Premium for AWE shareholders of 63% based on the undisturbed 3-month VWAP for AWE shares**

AWE Limited (**AWE**) (**ASX: AWE**) is pleased to announce that it has entered into a binding Scheme Implementation Deed with Mineral Resources Limited (**Mineral Resources**) (**ASX: MIN**). Under the terms of the agreement, Mineral Resources has agreed to acquire all of the shares in AWE via a Scheme of Arrangement (the **Scheme**).

Each AWE shareholder will receive as default consideration \$0.415 paid in cash and between 0.0198 and 0.0277 Mineral Resources shares per AWE share. Shareholders will be provided with the ability to elect to receive 100% cash or 100% scrip, with actual allocation subject to scale back to ensure total transaction consideration paid is 50% cash and 50% scrip.

The number of Mineral Resources shares to be issued to AWE shareholders will be determined by the volume weighted average price (VWAP) for Mineral Resources shares calculated over the 10 trading days ending on the day prior to the Scheme vote. If the Mineral Resources VWAP is between \$15.00 and \$21.00, the number of Mineral Resources shares per AWE share will be equal to \$0.415 divided by the Mineral Resources VWAP (subject to rounding). AWE shareholders will receive the maximum number of 0.0277 Mineral Resources shares per AWE share if the Mineral Resources VWAP is \$15.00 or less and receive the minimum number of 0.0198 Mineral Resources shares per AWE share if the Mineral Resources VWAP is \$21.00 or more.

Transaction summary

Based on consideration of \$0.83 per share, the transaction values AWE at a market capitalisation of \$526.0 million². This represents an attractive premium of:

- 52.3% to AWE's closing price of \$0.545 per share on 29 November 2017, being the day prior to the disclosure that China Energy Reserve and Chemical Group Australia (CERCG Australia) had approached AWE with a proposal to acquire the company;
- 51.9% to AWE's 1-month VWAP of \$0.546 per share up to and including 29 November 2017; and
- 63.0% to AWE's 3-month VWAP of \$0.509 per share up to and including 29 November 2017.

¹ This is the consideration under the default consideration option

² Assumes 633,740,255 AWE shares on issue, including 20,006,707 shares issued pursuant to the share purchase plan (SPP) and issued cash share rights of 8,486,352



If the Scheme is implemented, based on the current trading price of Mineral Resources' shares, AWE shareholders will own approximately 6.8%³ of the total issued share capital of the combined group.

The transaction is subject to the approval of AWE shareholders at a shareholder meeting expected to occur in mid April 2018, as well as Court approval and other conditions.

Support from AWE Board

After due consideration, the Directors of AWE concluded that the Mineral Resources proposal was in the best interests of AWE shareholders and unanimously recommend that all AWE shareholders vote in favour of the Scheme, and also advise that they intend to vote the AWE shares which they control in favour of the Scheme, both in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of AWE shareholders.

Commenting on the acquisition, Mr Kenneth Williams, Chairman of AWE said, "The acquisition price represents a highly attractive opportunity for AWE shareholders to realise a material premium for their AWE shares. Shareholders who receive Mineral Resources shares can choose to remain invested in the larger and more liquid Mineral Resources or they can choose to sell their new Mineral Resources shares for cash".

Mr David Biggs, CEO and Managing Director of AWE said, "We are proud of the work we have done to reshape AWE and, in particular, the value which has been created by our Waitisia project. This represents a very good opportunity for shareholders to crystallise compelling value".

Scheme Implementation Deed

The Scheme is subject to certain conditions, which are contained in the Scheme Implementation Deed (a full copy of which is attached). Those conditions include:

- Approval from AWE shareholders, ASIC, ASX and the Court;
- The independent expert concluding that the Scheme is in the best interests of AWE shareholders; and
- No material adverse change; prescribed occurrence; or breach of warranty in relation to AWE or Mineral Resources.

The parties have also agreed to certain exclusivity provisions and break fee arrangements, which are set out in the Scheme Implementation Deed.

Timetable

AWE shareholders do not need to take any action at the present time.

Full details of the Scheme, including the recommendation of the AWE Directors and the Independent Expert's Report will be included in the Explanatory Booklet to be sent to AWE shareholders. It is expected that the booklet will be sent to shareholders in mid February 2018. Subsequently, AWE shareholders will be asked to vote on the Scheme at a meeting expected to be held in mid April 2018.

Set out below is an indicative timetable for the transaction:

- Lodge Scheme booklet with ASIC: Mid February 2018
- First court date: Early to mid March 2018
- Scheme meeting: Mid April 2018

³ Assumes 187,523,905 Mineral Resources shares are on issue as at 20 December 2017; and that 13,655,359 new Mineral Resources shares are issued for 50% of the consideration, at a price \$19.26 each, which was the closing price on 20 December 2017. The actual issue price will be the VWAP calculated over the 10 trading days ending on the day prior to the Scheme vote.

- Second court date: Mid to late April 2018
- Record date: Mid to late April 2018
- Implementation date: Early May 2018

Advisers

AWE has appointed UBS AG, Australia Branch and Highbury Partnership as financial advisers and Allens as legal adviser.

For information please see our website www.awexplore.com or contact:

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ENDS