



ASX ANNOUNCEMENT

21 December 2017

ACQUISITION OF AWE LIMITED

Mineral Resources Limited (**ASX: MIN, "MRL" or "Company"**) is pleased to announce that it has entered into a binding Scheme Implementation Deed with AWE Limited (**ASX: AWE, "AWE"**) in relation to a combination of the two companies.

Under the terms of the agreement, MRL has agreed to acquire all of the shares of AWE via a Scheme of Arrangement ("**Scheme**"). AWE shareholders will receive consideration equivalent to A\$0.83¹ per AWE share and have the option to receive this consideration in either the form of a 50:50 combination of cash and MRL shares, or to elect either Maximum Cash Consideration or Maximum Share Consideration under a mix and match facility, subject to the overall fixed cash and share pools (as outlined further below).

The Directors of AWE have unanimously recommended that AWE shareholders vote in favour of the Scheme and intend to vote the AWE shares that they control in favour of the Scheme 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.

As announced on 13 December 2017, the MRL Board considers that acquiring AWE and its Perth Basin gas assets is a logical and accretive addition to MRL's asset portfolio. The proposed acquisition of AWE is a continuation of MRL's entry into the oil & gas industry, which commenced in 2016 when the Company acquired a strategic interest in Empire Oil & Gas NL.

Commenting on the acquisition, Chris Ellison, Managing Director of MRL said,

"The acquisition of AWE, including its 50% interest in the Waitsia Gas Project, is logical and on-strategy for MRL. MRL has a strong desire to develop this tier one gas asset to form a key pillar of the MRL business over the next 20 to 30 years.

We expect to also be able to provide gas to a wider range of end power users, displacing diesel and providing a range of benefits to the Western Australia economy."

Transaction Summary

Under the Scheme, MRL will provide AWE shareholders with consideration equivalent to A\$0.83¹ per AWE share. Based on AWE's fully diluted shares on issue of approximately 633.7 million², the consideration values AWE's equity at approximately A\$526.0 million. The consideration extends to securities issued under AWE's recent institutional placement and share purchase plan and on the vesting of approximately 8.5 million AWE share rights.

¹ Assuming a MRL Scheme Meeting VWAP between A\$15.00 to A\$21.00 (inclusive)

² Assuming 633,740,255 AWE shares on issue, including 8,486,352 AWE share rights are vested and converted into AWE shares and participate in the Scheme, subject to the Scheme being approved, and including 20,006,707 AWE shares issued pursuant to AWE's share purchase plan



AWE shareholders will be provided with the choice of three forms of consideration, each with an implied value of A\$0.83¹ per AWE share, as outlined below:

1. A 50:50 split of cash and MRL shares (“**Standard Consideration**”);
2. MRL shares³ with the potential for some cash (“**Maximum Share Consideration**”) subject to the conditions outlined in Appendix A; or
3. Cash⁴ with the potential for some MRL shares (“**Maximum Cash Consideration**”) subject to the conditions outlined in Appendix A.

The actual number of MRL shares that AWE shareholders will receive under the Standard Consideration, Maximum Share Consideration and (in the event of scale back as detailed in Appendix A) Maximum Cash Consideration will be dependent upon the volume weighted average price of MRL shares over the ten consecutive trading days up to and including the trading day prior to the meeting of AWE shareholders to consider the Scheme, expected to be in April 2018 (“**Scheme Meeting VWAP**”).

The three forms of consideration are outlined further in Appendix A.

Implementation

The Scheme is subject to certain terms and conditions, which are contained in the Scheme Implementation Deed (included in AWE’s release today) and include:

- AWE Shareholder approval and Court approval of the Scheme;
- All necessary ASIC and ASX consents, waivers, exemptions, reliefs, confirmations or approvals as are necessary to complete the Scheme being obtained;
- No regulatory restraints to implementation of the Scheme;
- No AWE or MRL “Prescribed Occurrences” (as defined in the Scheme Implementation Deed);
- No AWE or MRL “Material Adverse Change”;
- No breach by AWE or MRL of their respective covenants or warranties contained in the Scheme Implementation Deed;
- The Independent Expert opining that the Scheme is in the best interests of AWE Shareholders; and
- No exercise of sole risk rights in relation to the Waitsia project.

The Scheme Implementation Deed contains market standard terms and conditions regarding such matters as exclusivity, no-shop / no-talk, notification of approaches and matching rights. A break fee of A\$5.2 million may become payable by AWE or MRL in certain circumstances, as detailed in the Scheme Implementation Deed.

Under the Scheme Implementation Deed, each of AWE and MRL have agreed to certain restrictions on the conduct of their businesses between the date of the Deed and the second court date, subject to various exceptions.

MRL intends to fund the cash component of the consideration, transaction costs and other amounts that may be required in connection with the Scheme via its existing cash holdings and undrawn debt facilities.

³ The number of new MRL shares to be issued as consideration is capped at the number that would be issued if all AWE shareholders elect to receive the Standard Consideration

⁴ The amount of cash to be issued as consideration is capped at the amount that would be issued if all AWE shareholders elect to receive the Standard Consideration



Once the Scheme is implemented, AWE shareholders will own approximately 6.8% of the total issued share capital of the combined group⁵.

Completion of the Transaction is anticipated to occur by May 2018.

MRL is being advised by Macquarie Capital as financial adviser and Gilbert and Tobin as legal adviser.

Ends

For further information please contact the following on +61 8 9329 3600

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⁵ Based on the closing price of MRL's shares at 20 December 2017 (A\$19.26 per share), assuming 187,523,905 MRL shares on issue and that 13,655,359 new Mineral Resources shares are issued for 50% of the consideration. The actual issue price will be based on the Scheme Meeting VWAP



APPENDIX A: CONSIDERATION STRUCTURE – FURTHER DETAIL

AWE shareholders will be provided with the choice of three forms of consideration, each with an implied value of A\$0.83¹ per AWE share, as outlined in detail below:

1. Standard Consideration

Under the Standard Consideration, for each AWE share owned, AWE shareholders will receive **A\$0.415 in cash plus a number of MRL shares equal to:**

A\$0.415 divided by the Scheme Meeting VWAP, subject to:

- A lower bound of 0.0198⁶ (being the number of shares issued if the Scheme Meeting VWAP is A\$21.00); and
- An upper bound of 0.0277⁷ (being the number of shares issued if the Scheme Meeting VWAP is A\$15.00).

AWE shareholders who do not make an election will receive the Standard Consideration as default.

2. Maximum Share Consideration

Under the Maximum Share Consideration, for each AWE share owned, AWE shareholders will receive a **number of MRL shares equal to:**

A\$0.83 divided by the Scheme Meeting VWAP, subject to:

- A lower bound of 0.0395⁸ (being the number of shares issued if the Scheme Meeting VWAP is A\$21.00); and
- An upper bound of 0.0553⁹ (being the number of shares issued if the Scheme Meeting VWAP is A\$15.00).

In the event that elections for the Maximum Share Consideration, in combination with shares issued under the Standard Consideration, would cause the aggregate share consideration to exceed the overall share pool¹⁰, elections for the Maximum Share Consideration will be scaled back on a pro-rata basis, with the balance of consideration due satisfied by the payment of cash.

3. Maximum Cash Consideration

Under the Maximum Cash Consideration, for each AWE share owned, AWE shareholders will receive **A\$0.83 cash**, provided that if elections for the Maximum Cash Consideration, in combination with cash issued under the Standard Consideration, would cause the aggregate cash consideration to exceed the overall cash pool¹¹, elections for the Maximum Cash Consideration will be scaled back on a pro-rata basis, with the balance of consideration due satisfied by the issue of MRL shares.

⁶ Figure rounded to 4 decimal places, exact figure calculated as 0.415/21

⁷ Figure rounded to 4 decimal places, exact figure calculated as 0.415/15

⁸ Figure rounded to 4 decimal places, exact figure calculated as 0.830/21

⁹ Figure rounded to 4 decimal places, exact figure calculated as 0.830/15

¹⁰ Being the number of shares issued if all AWE shareholders elect to receive the Standard Consideration

¹¹ Being the cash issued if all AWE shareholders elect to receive the Standard Consideration