

# NZX Announcement

## AORERE RESOURCES LIMITED – 6 April 2020

### Acquisition of All Industrial Network Limited – Reverse Listing

Aorere Resources Limited (**AOR**) is pleased to announce that it has entered into an agreement to acquire an Australian company, All Industrial Network Limited (**AIN**) for a purchase price of approximately NZ\$53 million, to be paid through an issue of new AOR shares (the **Acquisition**).

AIN was established in 2019 for the purpose of acquiring businesses in the mining, engineering and construction services sector. At completion of the Acquisition AIN will own two businesses:

- **SMW** – SMW is a diversified mining support and industry services provider based in Rockhampton, Queensland. SMW has been operating since 2010 and employs over 320 staff. SMW has three key business divisions covering heavy fabrication and engineering, field services and abrasive blast and paint. SMW works with a number of market leading mining and infrastructure related entities, including BHP/BMA, Anglo Coal, Coronado Curragh, Aurizon (rail transport services) and the Rockhampton City Council.
- **BAE Engineering** - BAE is based in Mackay, Queensland and has been operating since 2011. It provides specialised mining support services, mineral processing equipment and solar power to the mining and construction industries. BAE has over 70 staff working in two principal divisions – maintenance field services and fabrication, design and drafting. BAE works with a number of major mining companies operating in the Northern Bowen Basin, including BMA, Glencore, Leighton, Thiess, Anglo American and Energex.

### Proforma financial performance

A\$'000	Proforma	
	Year ended 30-Jun-19	Half year ended 31-Dec-19
<b>Revenue</b>		
SMW	36,801	25,636
BAE	14,637	8,236
<b>EBITDA</b>		
SMW	3,453	3,434
BAE	1,935	924

*Proforma financial information has been sourced from audited and unaudited financial statements and normalised for certain structural changes within the business and removes the impact of non-recurring items. EBITDA is a non-GAAP profit measure.*

The acquisition is conditional upon:

- All regulatory approvals being obtained.
- The approval of AOR shareholders.
- Any change of control consents being obtained.
- AIN completing the acquisition of SMW and BAE Engineering.
- AIN entering into new debt facilities of approximately NZ\$23.1 million.

A special meeting of AOR shareholders is expected to be held in May to approve the Acquisition. Subject to regulatory approvals AOR shareholders will be sent:

- a notice of special meeting detailing the terms of the Acquisition.
- an Independent Report on the proposed transaction prepared by Simmons Corporate Finance Limited.
- a Listing Profile detailing the business of AIN.

These documents will be distributed to AOR shareholders at least ten business days prior to the special meeting. If the Acquisition is approved AOR will consolidate its shares prior to completion.

At completion of the Acquisition (but with a record date prior to completion), AOR will distribute shares in its wholly owned subsidiary, Widespread Limited (**Widespread**) to all AOR shareholders on a pro rata basis. Widespread will at that time hold all existing assets of AOR and a right to receive up to NZ\$600,000 over the following two years from AIN. Widespread will continue the current business of AOR as a private, widely-held company. Accordingly, existing shareholders will receive a new shareholding in Widespread while continuing to hold their AOR shares (which will be consolidated).

Following the Acquisition, AOR intends to change its name to SMW Group Limited (NZX: SMW). The existing AOR directors will resign (other than Chris Castle and Jill Hatchwell who will continue as directors) and new directors Christopher Leon, John Trenaman, Oliver Sabu and Greg Kern will be appointed.

In accordance with NZX practice in reverse listing transactions, shares in AOR will be suspended on the NZX market from today until the market can be informed on all facets of the Acquisition.

Further information regarding the transaction follows this announcement

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## **TRANSACTION SUMMARY**

AOR has signed an Agreement for Sale and Purchase of Shares (**Agreement**) with AIN, the shareholders of SMW, the shareholders of BAE Engineering and entities associated with the Kern Group.

Under the Agreement AOR will acquire all of the shares of AIN. At completion of the Agreement AIN will own all of the shares of SMW and BAE Engineering.

### **Share Consolidation**

Prior to completion of the Acquisition, AOR intends to consolidate its shares so that it has approximately 400,000 shares on issue.

### **Widespread In-Specie Distribution**

Prior to completion, AOR will transfer its existing assets to its wholly owned subsidiary, Widespread, and in-specie distribute the shares in Widespread to all of AOR's existing shareholders on a pro rata basis. Those assets will include securities in Chatham Rock Phosphate Limited and Asian Mineral Resources Limited. In addition, Widespread will be assigned the right from AOR to receive payments of up to NZ\$600,000 over a two year period from AIN. Deducted from that amount will be the amount of withholding tax payable by AOR in respect of the distribution (which is not expected to be a material amount).

### **Completion**

At completion of the Acquisition AOR will satisfy the Acquisition purchase price of NZ\$53 million through the issue of approximately 53 million fully paid ordinary shares in AOR at NZ\$1.00 per share.

In addition, at completion:

- the name of AOR will be changed to SMW Group Limited;
- the current Board other than Chris Castle and Jill Hatchwell will resign;
- Christopher Leon, John Trenaman, Oliver Sabu and Greg Kern all residents of Australia will be appointed as directors. It is intended that Mr. Leon will be the new independent Chairman; and
- it is intended that BDO, the current auditor of AOR, will be the auditor of SMW Group.

### **Acquisition Values**

The values at which the Acquisition will be undertaken are:

- AIN will be valued at NZ\$53 million.
- AOR is valued at approximately NZ\$0.4 million (which excludes any value attributable to Widespread, which AOR shareholders will receive through the in-specie distribution described above).

Following completion, the aggregate shareholding of existing shareholders in AOR is expected to comprise approximately 0.74% of the issued share capital of SMW Group.

### **Widespread**

Widespread will continue to pursue the current investment strategy of AOR following completion as a separate company owned directly by the existing AOR shareholders.

The in-specie distribution will enable shareholders to continue to own an equivalent proportionate interest in the current business and assets of AOR through Widespread, while at the same time retaining a shareholding in AOR (and its new business and assets), in each case without paying any additional money.

It is intended that Widespread will list its shares on the Unlisted market following completion of the Acquisition.

### **Acquisition Financing**

No new equity funding is being raised as part of the Acquisition. At completion it is intended that AIN will have new debt facilities of approximately NZ\$23.1 million.