Aorere Resources Limited

Independent Adviser's Report and Appraisal Report

In Respect of the:

- **In Specie Distribution of Shares**
- **Acquisition of All Industrial Network Limited**

June 2020

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

Index

1. Executive Summary

1.1 Background

Aorere Resources Limited (**Aorere** or the **Company**) is an investment company. Aorere wholly owns Widespread Limited (**Widespread**) and, through Widespread's wholly owned subsidiary Mineral Investments Limited, holds shares in Chatham Rock Phosphate Limited (**CRP**) and Asian Mineral Resources Limited (**AMR**). Aorere has no active trading operations.

The Company's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of approximately $1.7 million as at 5 April 2020 (when its shares were suspended from quotation). Its audited total equity as at 31 March 2020 was negative $201,000.

A profile of the Company is set out in section 4.

1.2 Restructure of the Company

Overview

Aorere announced on 6 April 2020 that it would undertake a series of transactions that will restructure the Company and change the nature of its operations (the **Transactions**).

Under the Transactions, Aorere will:

- transfer its assets and novate its liabilities to Widespread and conduct an in specie distribution of all of the shares in Widespread to Aorere shareholders at that date (the **Existing Shareholders**) on a pro rata basis for nil consideration (the **Widespread In Specie Distribution**)
- consolidate its 1,655,395,842 ordinary shares on issue down to 400,000 ordinary shares (the **Share Consolidation**)
- acquire 100% of the shares in All Industrial Network Limited (**AIN**) (the **Acquisition**). The purchase price for the AIN shares will be $53,160,387 (the **Purchase Price**), satisfied by the issue of 53,160,387 fully paid ordinary shares (the **Consideration Shares**) at an issue price of $1.00 per share (the **Acquisition Allotment**)
- issue 256,000 fully paid ordinary shares (the **Management Shares**) at an issue price of $1.00 per share to Troy Donovan, the Company's new chief financial officer (the **Management Allotment**)
- issue 306,000 fully paid ordinary shares (the **Director Shares**) at an issue price of $1.00 per share to 3 of the Company's directors (the **Director Allotment**).

Widespread In Specie Distribution

Prior to the completion of the Acquisition, Aorere will transfer all of its assets and novate all of its liabilities to Widespread. Aorere will then conduct the Widespread In Specie Distribution, whereby the Company will make an in specie distribution of all of the shares in Widespread to the Existing Shareholders on a pro rata basis for nil consideration.

The effect of the Widespread In Specie Distribution is that the Existing Shareholders will own all the shares in Widespread in the same proportion as they own shares in Aorere currently, while still retaining their shares in Aorere.

Acquisition of AIN

On 5 April 2020, Aorere and Widespread entered into the *Agreement for Sale and Purchase of Shares* (the **Purchase Agreement**) with 7 parties who will be AIN's shareholders at completion (referred to collectively as the **AIN Shareholders**) and AIN, whereby Aorere agreed to acquire 100% of the shares in AIN from the AIN Shareholders for $53,160,387.

The Purchase Price is to be satisfied by the Acquisition Allotment (being the issue of 53,160,387 Consideration Shares to the AIN Shareholders at an issue price of $1.00 per share).

In consideration for Aorere undertaking the Transactions, the AIN Shareholders will pay Aorere $600,000 in 4 equal instalments between the completion of the Acquisition and 18 months thereafter (the **Cash Consideration**). Aorere will assign the right to receive the Cash Consideration to Widespread.

Aorere expects that the Acquisition will be completed on or around 26 June 2020 (the **Completion Date**).

Impact of the Transactions

The Acquisition and the Acquisition Allotment represent a backdoor listing (or reverse acquisition) of AIN through Aorere. The Company's business will change to focus on the mining support, construction and engineering services industries in Queensland, Australia.

The Acquisition Allotment will result in the introduction of the AIN Shareholders as new shareholders to Aorere. The Existing Shareholders will retain their pro rata interests in Aorere's current net assets (through the Widespread In Specie Distribution) as well as their shares in Aorere, although their shareholdings in Aorere will be significantly diluted due to the issue of the Consideration Shares, the Management Shares and the Director Shares.

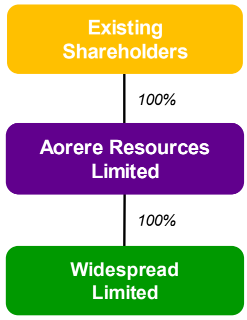
Following the completion of the Transactions:

- AIN will be a wholly owned subsidiary of Aorere
- Aorere will change its name to SMW Group Limited and its NZX ticker code to *SMW*
- Greg Kern, Chris Leon, Oliver Sabu and Jack Trenaman will be appointed to Aorere's board of directors (the **Board**) and current directors Simon Henderson, Peter Liddle and Linda Sanders will resign from the Board, while Chris Castle and Jill Hatchwell will remain on the Board as New Zealand based directors
- Aorere will change its balance date from 31 March to 30 June
- the Company will move its management and control to Australia, therefore becoming a tax resident in Australia from the Completion Date. The Company will likely have dual tax residency from the Completion Date given it will remain incorporated in New Zealand.

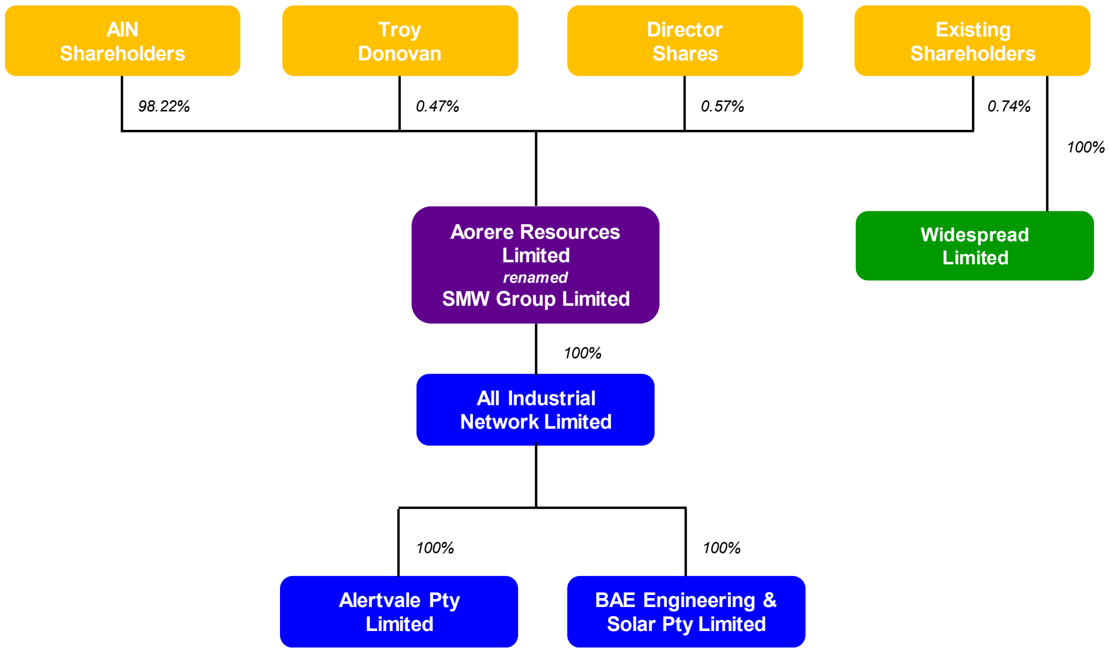
The Existing Shareholders will hold shares in 2 companies:

- Widespread – in the same proportion to their current shareholdings in Aorere
- Aorere – which will own AIN. The Existing Shareholders' interests in the Company will be significantly diluted due to the Acquisition Allotment.

Prior to the Transactions



Post the Transactions



Dominant Owner / Voluntary Acquisition Rights

At the completion of the Transactions, the AIN Shareholders and Troy Donovan (referred to collectively as the **AIN Associates**) will be acting jointly or in concert and will collectively hold 98.70% of the shares in Aorere following the Acquisition Allotment and the Management Allotment (referred to collectively as the **AIN Allotments**).

As they will become the holders or controllers of 90% or more of the Company's shares, they will become the Dominant Owner of the Company under Rule 50 of the Takeovers Code (the **Code**) and will be required to comply with the obligations on a dominant owner under Part 7 of the Code.

To comply with those obligations, the AIN Associates propose to send an acquisition notice under Part 7 of the Code (the **Acquisition Notice**) to all other shareholders in the Company immediately upon becoming the Dominant Owner, notifying them that they have the right to sell their shares to the nominees of the AIN Associates (the **Voluntary Acquisition Rights**) at a price of $1.00 per share (on a post Share Consolidation basis) (the **Acquisition Consideration**).

1.3 AIN

AIN is an Australian company that was established in 2019 for the purpose of acquiring businesses in the mining support, construction and engineering services industries.

Under the terms of the Purchase Agreement, simultaneous to the completion of the Acquisition, AIN will acquire 2 businesses:

- Alertvale Pty Limited (**SMW**)
- BAE Engineering & Solar Pty Limited (**BAE**).

Both SMW and BAE provide mining support, construction maintenance and engineering services to customers that are primarily operating in the Bowen Basin in Queensland, Australia.

A profile of AIN is set out in section 6.

1.4 Impact on Shareholding Levels

Aorere currently has 1,655,395,842 ordinary shares on issue, held by 931 Existing Shareholders. The Share Consolidation will result in there being 400,000 ordinary shares on issue.

Following the Transactions and assuming there are no other changes to the Company's capital structure:

- the AIN Shareholders will hold 98.22% of the Company's ordinary shares on issue and Troy Donovan will hold 0.47%. Collectively, the AIN Associates will hold 98.70% of the Company's ordinary shares on issue
- the Existing Shareholders will collectively hold 0.74% of the Company's ordinary shares on issue
- the Director Shares will represent 0.57% of the Company's ordinary shares on issue.

Impact on Shareholding Levels

	Current[1]	Acquisition Allotment	Management and Director Allotment	Post the Transactions No. of Shares	Post the Transactions %
Existing Shareholders	400,000	-	-	400,000	0.74%
AIN Shareholders	-	53,160,387	-	53,160,387	98.22%
Troy Donovan	-	-	256,000	256,000	0.47%
Director Shares	-	-	306,000	306,000	0.57%
Total	400,000	53,160,387	562,000	54,122,387	100.00%

1 After the Share Consolidation

1.5 Summary of Opinion

Takeovers Code – AIN Allotments

Our evaluation of the merits of the AIN Allotments as required under the Code is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the Transactions (including the AIN Allotments) significantly outweigh the negative aspects from the perspective of the Existing Shareholders.

NZX Listing Rules

Our evaluation of the fairness of the Transactions as required under the NZX Listing Rules (the **Listing Rules**) is set out in section 3.

In our opinion, after having regard to all relevant factors, the terms and conditions of the Transactions are fair to the Existing Shareholders.

Takeovers Code – Dominant Owner Acquisition Notice

Our Independent Adviser's Certificate in respect of the Acquisition Consideration as required under the Code is set out in section 9.

We certify that, for the purposes of Rule 57(1)(a) of the Code, the Acquisition Consideration is fair and reasonable.

1.6 Impact of the COVID-19 Pandemic

The global COVID-19 pandemic and the significant escalation of government protection measures across the world will have a material impact on the global economy.

The Australian resources industry (which SMW and BAE provide services to) was designated as an essential service by the Australian government and therefore is not subject to lockdown restrictions. However, mining operators are enacting COVID-19 protocols such as the reduction and banning of fly in fly out (**FIFO**) workers.

AIN considers that there are risks and opportunities to be had as a result of the COVID-19 pandemic. For example, government responses may lead to an increase in infrastructure spending in order to combat any recessive economic effects that the pandemic may create. AIN may be able to benefit from any increased activity in the mining and infrastructure sectors through new contracts or expansion of existing contracts. Conversely, the economic effects of the COVID-19 pandemic may place downward pressure on the global prices of commodities such as oil, natural gas and iron ore. This would reduce margins in the mining sector and could lead to decreased activity or downward pressure on revenues as customers look to reduce expenditure.

An event of this magnitude is unprecedented in modern times and the consequences and extent of such an event are unknown. Accordingly, the Existing Shareholders should expect continued volatility in equity markets generally in the short to medium term and that volatility may affect the share price of Aorere.

1.7 Special Meeting

Transactions Resolutions

Aorere is holding a special meeting of shareholders by virtual means on 25 June 2020, where the Company will seek shareholder approval of 4 resolutions which cover the Transactions and associated matters (the **Transactions Resolutions**):

- resolution 1 – approval of the Transactions for the purposes of the Listing Rules, the Code and section 129 of the Companies Act 1993 (the **Co's Act**)
- resolution 2 – approval of the Director Allotment for the purposes of the Listing Rules
- resolution 3 – approval of an increase in the aggregate maximum amount of directors' fees from $84,000 to A$500,000 per financial year for the purposes of the Listing Rules
- resolution 4 – approval of amendments to the Company's constitution.

The Transactions Resolutions are interdependent. All 4 resolutions must be passed in order for any one particular resolution to be implemented. If a resolution is not passed then no further resolutions will be put to the meeting and any resolutions previously put to the meeting will not be treated as having been passed.

Resolutions 1 and 4 are special resolutions. A special resolution is a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

Resolutions 2 and 3 are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the resolutions in person or by proxy.

If all 4 resolutions are passed, then any shareholder that has cast all of their votes against resolution 1 is entitled to require Aorere to purchase their shares in accordance with section 110 of the Co's Act. Appendix One of the notice of special meeting sets out the procedure for minority buy-out rights.

Voting Restrictions

In relation to resolution 1, the AIN Associates and their respective Associated Persons (as defined in the Listing Rules) and Associates (as defined in the Code) are prohibited from voting any shares that they hold.

In relation to resolution 2, Chris Castle, Jill Hatchwell and Chris Leon and their respective Associated Persons are prohibited from voting any shares that they hold.

In relation to resolution 3, the current directors of the Company and their respective Associated Persons and the directors-designate (Greg Kern, Chris Leon, Oliver Sabu and Jack Trenaman) and their respective Associated Persons are prohibited from voting any shares that they hold.

1.8 Regulatory Requirements

Takeovers Code

AIN Allotments

Aorere is a code company as it is listed on the NZX Main Board (and has financial products that confer voting rights) and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to become a holder or controller of an increased percentage of voting rights by an allotment of voting securities in the code company if the allotment is approved by an ordinary resolution of the code company (on which neither that person, nor any of its associates, may vote).

The AIN Associates have elected to treat themselves as associates under the Code. None of the AIN Associates currently hold or control any shares in the Company. The AIN Allotments will result in the AIN Associates holding or controlling 98.70% of the voting rights in Aorere.

Accordingly, in accordance with the Code, the Existing Shareholders will vote at the Company's special meeting on an ordinary resolution in respect of the AIN Allotments.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

Dominant Owner Acquisition Notice

Pursuant to Rule 51 of the Code, the AIN Associates will issue a Notice of Dominant Ownership to Aorere immediately following the Completion Date.

By virtue of becoming the Dominant Owner, the AIN Associates are required under Rule 54 of the Code to issue an Acquisition Notice to all of the Company's other shareholders. Pursuant to Rule 55(1)(b)(ii), the Acquisition Notice must state that the shareholders have the right to sell their shares to the Dominant Owner. The AIN Associates intend to send the Acquisition Notice to the Company's shareholders immediately on becoming the Dominant Owner.

Rule 57(1)(a) of the Code requires the Acquisition Notice to specify a cash sum as consideration for each Aorere share, certified as fair and reasonable by an Independent Adviser.

NZX Listing Rules

Listing Rule 5.1.1 stipulates that an Issuer must not enter into a transaction to acquire assets where the transaction would significantly change the nature of the Issuer's business or involves a Gross Value above 50% of the Average Market Capitalisation of the Issuer unless the transaction is approved by way of an ordinary resolution.

The Acquisition will change the nature of Aorere's business and have a Gross Value above 50% of the Company's Average Market Capitalisation.

Listing Rule 7.3.1 (b) (iii) requires Aorere to provide a listing profile in respect of the Acquisition (the **Profile**).

NZX Guidance Note *Backdoor and Reverse Listing Transactions* dated 1 January 2019 (the **Guidance Note**) states that "NZX considers that a notice of meeting in relation to a backdoor or reverse transaction must include an independent appraisal report prepared in accordance with Rule 7.10".

1.9 Purpose of the Report and the Certificate

Independent Adviser's Report and Appraisal Report

The Company's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the allotment of shares under the AIN Allotments in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 22 January 2020 to prepare the Independent Adviser's Report.

The Board has also engaged Simmons Corporate Finance to prepare an Appraisal Report on the fairness of the Transactions in accordance with the Guidance Note.

Simmons Corporate Finance was approved by NZX Regulation on 22 January 2020 to prepare the Appraisal Report in respect of the Transactions.

Simmons Corporate Finance issues this Independent Adviser's Report and Appraisal Report to the Board for the benefit of the Existing Shareholders to assist them in forming their own opinion on whether to vote for or against the Transactions Resolutions.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the AIN Allotments and the fairness of the Transactions in relation to each shareholder. This report on the merits of the AIN Allotments and the fairness of the Transactions is therefore necessarily general in nature.

The Independent Adviser's Report and Appraisal Report is not to be used for any other purpose without our prior written consent.

Independent Adviser's Certificate

The AIN Associates have engaged Simmons Corporate Finance to prepare an Independent Adviser's Certificate to certify that the Acquisition Consideration to be offered in the Acquisition Notice is fair and reasonable in accordance with Rule 57(1)(a) of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 4 February 2020 to prepare the Independent Adviser's Certificate.

Simmons Corporate Finance issues this Independent Adviser's Certificate to the AIN Associates.

This Independent Adviser's Certificate is not required to accompany the Acquisition Notice that is sent to each Company shareholder. However, the AIN Associates must send a copy of this certificate free of charge upon request to any person within one working day of the request in accordance with Rule 57(5)(b) of the Code.

The Independent Adviser's Certificate is not to be used for any other purpose without our prior written consent.

1.10 Listing Profile

A Profile as required under Listing Rules 1.11.1 and 7.3.1 accompanies the notice of special meeting provided by Aorere to the Existing Shareholders.

The Profile discloses particulars of the business of Aorere if the Transactions are approved. The Profile also provides financial information in respect of the Transactions and identifies the key risk factors associated with AIN.

This report should be read in conjunction with the Profile. In order to avoid unnecessary repetition, references are made to information contained in the Profile rather than being repeated in this report.

1.11 Currency References

References to currencies in the report are to:

- $ – New Zealand dollars
- A$ – Australian dollars.

2. Evaluation of the Merits of the Transactions (including the AIN Allotments)

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to the AIN Associates under the Acquisition Allotment, having regard to the interests of the Existing Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 21 April 2020
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

The AIN Allotments are components of the Transactions. Therefore, when assessing the merits of the AIN Allotments, an assessment of the merits of the Transactions also needs to be undertaken.

We are of the view that an assessment of the merits of the Transactions should focus on:

- the rationale for the Transactions
- the terms and conditions of the Transactions
- the alternatives to the Transactions
- the impact of the Transactions on Aorere's financial position
- the impact of the Transactions on the control of Aorere
- the impact of the Transactions on Aorere's share price
- the benefits and disadvantages to the Existing Shareholders and the AIN Associates of the Transactions
- the implications if the Transactions Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Transactions (Including the AIN Allotments)

The Existing Shareholders currently hold shares in a listed investment company with total equity of negative $201,000 as at 31 March 2020 and whose main assets are investments in CRP and AMR.

The Transactions consists of Aorere:

- distributing its net assets to the Existing Shareholders for nil consideration
- acquiring AIN from the AIN Shareholders for $53,160,387
- issuing 53,160,387 Consideration Shares at an issue price of $1.00 per share to the AIN Shareholders
- issuing 256,000 Management Shares and 306,000 Director Shares at an issue price of $1.00 per share.

The intended completion date of the Transactions is on or around 26 June 2020.

The Existing Shareholders will hold shares in Widespread (in the same proportion to their current shareholdings in Aorere) and in Aorere (at a significantly diluted level due to the AIN Allotments).

The Transactions will change the essential nature of Aorere's business to focusing on the mining support, construction and engineering services industries in Queensland, Australia.

The Existing Shareholders are being asked to vote on 4 resolutions in respect of the Transactions. All resolutions must be passed in order for the Transactions to proceed.

Accordingly, shareholders have 3 alternatives with regard to their voting:

- vote in favour of all 4 resolutions, in which case if all of the Transactions Resolutions are passed, the Company will complete the Transactions and will transform into an Australian based business focused on the mining support, construction and engineering services industries and the Existing Shareholders will also continue to own their proportionate interests in the current net assets of Aorere though shareholdings in Widespread, or
- vote against any of the 4 resolutions. In the event that any resolution is not passed, then the Transactions will not be undertaken and Aorere will remain as a listed investment company, or
- abstain from voting, in which case the voting of the other shareholders will determine the outcome.

Our evaluation of the merits of the Transactions are set out in detail in sections 2.3 to 2.17.

In our view, the key overriding factor in assessing the merits of the Transactions is that the Existing Shareholders will potentially be in a more advantageous financial position post the Transactions, where they will continue to hold their proportionate interests in the current net assets of Aorere (through the Widespread In Specie Distribution) as well as collectively holding a 0.74% interest in AIN. The degree to which they are financially better off will depend on the value of AIN, which will be driven to a large degree by the Company's ability to successfully execute AIN's business strategy and growth initiatives.

In summary, the positive aspects of the Transactions are:

- the rationale for the Transactions is sound. The AIN Group will be backdoor listed into Aorere, transforming the Company from a small listed investment company into a much larger mining support, construction and engineering services business based in central Queensland, Australia and the Existing Shareholders will continue to hold their proportionate interests in Aorere's current net assets through their shareholdings in Widespread (albeit the Widespread shares will not be listed on the NZX Main Board)
- the terms of the Transactions are reasonable:
  - the Widespread In Specie Distribution transfers Aorere's current net assets to the Existing Shareholders on a pro rata basis for nil consideration
  - the Purchase Price of $53,160,387 is fair to the Existing Shareholders. We assess the value of AIN to be in the range of $43.6 million to $54.4 million
  - the AIN Allotments issue price of $1.00 per share is fair to the Existing Shareholders as it adequately recognises the value of Aorere's NZX Main Board listing
  - the conditions and warranties set out in the Purchase Agreement are in line with market practice for transactions of this nature and are not unreasonable
  - the Director Allotment issue price of $1.00 per share is the same as the AIN Allotments issue price
- the Transactions will have a positive impact on the Company's financial position, increasing its level of equity from negative $201,000 as at 31 March 2020 to approximately A$6.2 million immediately after the completion of the Transactions
- the Company's shares may be re-rated by the market, which may improve the liquidity of the shares
- the implications of the Transactions Resolutions not being approved by the Existing Shareholders are significant. In the absence of a capital raising and / or the sale of some or all of the Company's investments in the very near term, Aorere will be unable to repay its debts as they fall due and the Board will likely have no option but to place the Company into liquidation. Such an outcome is unlikely to result in any return to shareholders.

In summary, the negative aspects of the Transactions are:

- the risk profile of Aorere will change significantly from the risks associated with a small investment company (which the Existing Shareholders will still be exposed to through the Widespread In Specie Distribution) to the wide range of risks associated with a much larger business operating in the Australian mining support, construction and engineering services sectors
- the AIN Associates will have significant influence over the Company:
  - collectively, they will be able to determine the outcome of any ordinary resolution or special resolution
  - they will hold 3 out of 6 appointments to the Board
  - they will form the Company's senior management team

- the dilutionary impact of the AIN Allotments and the Director Allotment on the Existing Shareholders will result in their current collective interests in the Company reducing by 99%. However, the Existing Shareholders will retain their proportionate interests in the Company's current net assets through the Widespread In Specie Distribution.

In our view, the Transactions are unlikely to have any material impact on:

- the liquidity of the Company's shares in the near term
- the attraction of Aorere as a takeover target.

There are a number of positive and negative features associated with the Transactions. In our view, when the Existing Shareholders are evaluating the merits of the Transactions, they need to carefully consider whether the negative aspects of the Transactions, particularly the dilutionary impact, could justify voting against the Transactions Resolutions with the outcome that the Company will likely be placed into liquidation unless it can raise additional capital and / or sell some or all of its investments in the very near term.

In our opinion, after having regard to all relevant factors, the positive aspects of the Transactions (including the AIN Allotments) significantly outweigh the negative aspects from the perspective of the Existing Shareholders.

2.3 The Rationale for the Transactions

Aorere is a listed investment company with no active business operations. The Board has advised us that since May 2018 it has explored a number of opportunities to leverage and unlock the value of its listed status while still retaining control of the Company's existing assets. The Transactions represent the most compelling opportunity evaluated by the Board.

The Transactions will distribute Aorere's current net assets to the Existing Shareholders for nil consideration and transform Aorere's business to focusing on the mining support, construction and engineering services industries located in central Queensland, Australia.

The Board considers the Transactions to be of significant benefit for the Company and the Existing Shareholders, as they will:

- introduce substantial established assets, business operations and growth prospects into the Company with a focus on the mining support, construction and engineering services industries
- enable the Existing Shareholders to continue to own an equivalent proportionate interest in the Company's current business and assets through the Widespread In Specie Distribution, as well as holding a shareholding in the Aorere (and its new business and assets) at no additional cost.

The Board has stated that when market conditions are appropriate, the Company intends to apply to the Australian Securities Exchange (the **ASX**) for admission to the official list of the ASX and for quotation of its shares on the ASX. If the Company so applies and the application is successful, the Company will become a dual listed company on both the NZX Main Board and the ASX.

However, the Board has stated that it is unlikely to incur the additional costs of an ASX listing unless it is done in conjunction with a capital raising to increase working capital and improve shareholder spread and liquidity. The Board is of the view that market conditions at present, including the uncertainty associated with the COVID-19 pandemic, make monitoring market conditions a priority for now over fixing a timetable.

In our view, the rationale for the Transactions is sound. It achieves the Board's objective of backdoor listing a sizeable business through Aorere while maintaining the Existing Shareholders' proportionate interests in the Company's current net assets.

2.4 Process Undertaken by Aorere

We are advised by the Board that the Company commenced discussions with Greg Kern, chief executive officer and managing director of Kern Group, in respect of the Transactions in August 2019. Kern Group is a corporate advisory firm based in Brisbane, Australia. Kern Group initiated the Transactions and is the mandated lead adviser to AIN.

Negotiations on behalf of Aorere were led by director Chris Castle and Aorere's legal adviser.

The parties entered into a non-binding indicative terms sheet on 12 December 2019.

The due diligence process undertaken by the Board was led by directors Chris Castle and Jill Hatchwell. Aorere was provided with full access to the due diligence review undertaken by AIN in respect of SMW and BAE.

The Board then negotiated and entered into the Purchase Agreement with the AIN Shareholders on 5 April 2020.

2.5 Terms of the Transactions

Widespread In Specie Distribution

Prior to the completion of the Acquisition, Aorere will conduct the Widespread In Specie Distribution, whereby:

- Aorere's existing assets will be transferred to Widespread
- Aorere's right to receive the Cash Consideration will be assigned to Widespread
- Aorere's existing liabilities will be novated to Widespread
- Widespread's current 7,375,340 shares on issue will be split into 1,655,395,842 shares (ie the same number of shares as Aorere currently has on issue)
- an in specie distribution of all of the shares in Widespread will be made to the Existing Shareholders on a pro rata basis for nil consideration.

The effect of the Widespread In Specie Distribution is that the Existing Shareholders will own all the shares in Widespread.

The record date for the Widespread In Specie Distribution will be 24 June 2020 and will take effect on 25 June 2020.

The AIN Associates will not own any of the shares in Widespread.

Following the Widespread In Specie Distribution, Widespread will be a widely-held unlisted company. The Existing Shareholders will not be able to publicly trade their shares in Widespread for so long as Widespread remains an unlisted company. However, Widespread intends to list its shares on the Unlisted Securities Exchange within one month of the Completion Date. This will provide the Existing Shareholders with a platform upon which to trade their Widespread shares, but without the additional protection provided by Part 5 of the Financial Markets Conduct Act 2013 (in relation to insider trading, market manipulation, continuous disclosure, substantial holding disclosure, relevant interests disclosure and the Financial Market Authority's monitoring of market obligations).

Following the Widespread In Specie Distribution, Widespread will continue Aorere's current investment and acquisition strategy of investing into operations in the mining and resources sector.

Widespread's directors are Chris Castle, Jill Hatchwell and Linda Sanders, who are all current directors of Aorere.

Aorere will change its name to SMW Group Limited and will release the company name Aorere Resources Limited for Widespread to use.

Share Consolidation

The Acquisition, the AIN Allotments and the Director Allotment will be immediately preceded by the Share Consolidation, whereby Aorere's 1,655,395,842 ordinary shares currently on issue will be consolidated into 400,000 ordinary shares. This equates to a consolidation factor of 4,138.489605 : 1 (subject to rounding of individual shareholders up to a whole number of shares).

Acquisition

Purchase Price

The Purchase Price is $53,160,387 and is to be satisfied by the Acquisition Allotment (being 53,160,387 Consideration Shares issued at $1.00 per share). The Purchase Price is based on the premise that new finance facilities of approximately A$23.1 million (the **New Finance Facilities**) will be in place.

The Board has advised us that it negotiated the Purchase Price on a commercial arms-length basis with the AIN Shareholders and that the Purchase Price largely reflects the acquisition value of SMW and BAE to be paid by AIN.

Set out in section 7 is our assessment of the value of AIN. We assess the value of AIN to be in the range of $43.6 million to $54.4 million.

The Purchase Price is within our valuation assessment, albeit towards the top of the range. Accordingly, we are of the view that the Purchase Price is fair to the Existing Shareholders.

Acquisition Allotment

The 53,160,387 Consideration Shares issued under the Acquisition Allotment will be fully paid ordinary shares ranking equally in all respects with all existing shares, issued at $1.00 per share to the AIN Shareholders.

The AIN Shareholders will hold the Consideration Shares as set out below.

Consideration Shares Held by the AIN Shareholders

AIN Shareholders		No. of Consideration Shares	% of Consideration Shares	% of Total Shares
Trustee	**Trust**			
Kern Group (Licensing) Pty Limited	The Singapore Investment Trust	7,275,192	13.69%	13.44%
Russell Daly	RCLG Investment Trust	382,905	0.72%	0.71%
Together the **Kern Persons**		7,658,097	14.41%	14.15%
Jack Trenaman	The Captain Jacks Trust	12,864,160	24.20%	23.77%
Gaelforce Project Services Pty Limited	The Humphreys Family Trust	12,864,160	24.20%	23.77%
Arcup (Qld) Pty Limited	The Stevens Family Trust	12,864,160	24.20%	23.77%
Together the **SMW Persons**		38,592,480	72.60%	71.31%
R.O.J. Investments Pty Limited	Pulikkottil Family Trust	3,454,905	6.50%	6.38%
McBryde Investments Pty Limited	McBryde Investments Trust	3,454,905	6.50%	6.38%
Together the **BAE Persons**		6,909,810	13.00%	12.77%
AIN Shareholders		53,160,387	100.00%	98.22%

We assess the value of Aorere's shares on a post Share Consolidation basis, post the Widespread In Specie Distribution and prior to the Acquisition to be in the range of $0.50 to $1.25 per share.

Our valuation assessment is set out in section 8.

Based on our valuation assessment, we consider the Consideration Shares issue price under the Acquisition Allotment to be fair to the Existing Shareholders.

The Consideration Shares issue price is the same price at which the Management Shares and the Director Shares will be issued at.

Conditions

The Acquisition is conditional on:

- Aorere and the AIN Shareholders obtaining all required regulatory approvals, consents or waivers
- Aorere obtaining the Existing Shareholders' approval of the Transactions Resolutions
- Aorere and the AIN Shareholders obtaining any contractually required change of control consents for AIN in respect of the Transactions
- AIN completing the acquisition of SMW and BAE
- AIN entering into the New Finance Facilities of approximately $23.1 million.

The date for satisfaction of the above conditions is no later than 30 June 2020.

We are of the view that the conditions of the Acquisition are in line with market practice for transactions of this nature and are not unreasonable.

Warranties and Indemnities

Aorere has provided warranties in respect of Aorere's corporate structure and shares, proceedings and filings, information and material circumstances, business operations and employment.

The AIN Shareholders, AIN, SMW and BAE have provided warranties in respect of each company's shares, litigation / claims and information and material circumstances.

Each party's liability under these warranties is limited to claims brought within 12 months of the Completion Date and to an aggregate amount limited to A$0.5 million.

Aorere has given the AIN Shareholders an indemnity in respect of its taxation compliance up until the Completion Date and the Kern Persons and the SMW Persons have given Aorere an indemnity in respect of the taxation compliance of AIN up until the Completion Date.

We are of the view that the warranties and indemnities provided under the Purchase Agreement are in line with market practice for transactions of this nature and are not unreasonable.

Management Allotment

The Management Allotment involves the issue of 256,000 Management Shares at an issue price of $1.00 per share to Troy Donovan, the Company's new chief financial officer.

The Board has advised us that the purpose of the Management Allotment is consideration for Mr Donovan's acceptance of the appointment as chief financial officer of the Company post the Transactions. We understand that Mr Donovan has played a key role in structuring and implementing the Transactions.

The number of Management Shares was negotiated as part of Mr Donovan's remuneration package. Mr Donovan's starting full year salary will be A$300,000 (including superannuation entitlements).

We consider the Management Allotment to be fair to the Existing Shareholders. The issue of shares rather than cash remuneration preserves the Company's cash resources and aligns Mr Donovan's interests with those of the Company's shareholders.

Director Allotment

The Director Allotment involves the issue of 306,000 Director Shares at an issue price of $1.00 per share to the 3 Company directors who will be non-executive directors on the Board following the completion of the Transactions:

- independent director and company chair-designate Chris Leon – 256,000 shares
- current director Chris Castle – 25,000 shares
- current director Jill Hatchwell – 25,000 shares.

The Board has advised us that the purpose of the Director Allotment is consideration for Mr Leon joining the Board in the role of independent chair and for Mr Castle and Ms Hatchwell remaining on the Board.

Mr Leon will receive A$80,000 per annum in his role of independent chair, Mr Castle will receive $30,000 for his role as an independent director and Ms Hatchwell will receive $30,000 for her role as an independent director and A$10,000 for her role as chair of the remuneration committee. All directors' fees include superannuation entitlements where applicable.

We consider the Director Allotment to be fair to the Existing Shareholders. As with the Management Allotment, the Director Allotment is designed to preserve the Company's cash resources and align the non-executive directors' interests with those of the Company's shareholders.

2.6 Limited Likelihood of Alternative Transactions

The carrying value of Aorere's equity was negative $201,000 as at 31 March 2020. It had $112,000 of investments (primarily in CRP and AMR), $31,000 of receivables and prepayments, $1,000 of cash and owed creditors $345,000.

Aorere will have insufficient working capital to continue operations as a listed entity unless it undertakes a capital raising in the very near term and / or sells some or all of its investments. If the Company is unable to repay its debts as they fall due, the Board will have no option but to place the Company into liquidation. Such an outcome is unlikely to result in any return to shareholders.

The Board has confirmed to us that it is not evaluating any other acquisitions / backdoor listing opportunities as it has entered into an exclusivity arrangement with AIN. Accordingly, we consider the likelihood of an alternative transaction in the near term to be limited.

2.7 Impact on Financial Position

A summary of Aorere's recent financial position is set out in section 4.6.

The Transactions will significantly strengthen Aorere's financial position. Following the Transactions, Aorere will have total equity of approximately A$6.2 million and total assets of approximately A$34.4 million under reverse acquisition accounting. This is explained in detail in section 3 of the Profile entitled *SMW Group's Financial Information.*

2.8 Impact on Control

Share Capital and Shareholders

Aorere currently has 1,655,395,842 fully paid ordinary shares on issue held by 931 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 15 May 2020 are set out in section 4.4.

The Share Consolidation will consolidate the 1,655,395,842 shares into 400,000 shares.

Shareholding Voting

None of the AIN Associates currently hold or control any shares in the Company.

Following the Transactions, the AIN Associates' ability to influence the outcome of shareholder voting will be significant. The AIN Associates' holding of 98.70% of the Company's voting rights will enable the AIN Associates to collectively:

- pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders)
- block special resolutions (which require the approval of 75% of the votes cast by shareholders).

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Co's Act (eg if the shareholder is precluded from voting on the resolution because it is a party to the transaction which the resolution relates to).

Given the above, we are of the view that the Transactions will provide the AIN Associates with significant ability to exert control over shareholder voting.

Dominant Owner

At the completion of the Transactions, the AIN Associates (being the Kern Persons, the SMW Persons, the BAE Persons and Troy Donovan) will be acting jointly or in concert and will collectively hold 98.70% of the shares in Aorere and will become the Dominant Owner of the Company.

The AIN Associates propose to send the Acquisition Notice to all other shareholders in the Company immediately on becoming the Dominant Owner, notifying them of their Voluntary Acquisition Rights to sell their shares to the nominees of the AIN Associates for the Acquisition Consideration of $1.00 per share in cash (on a post Share Consolidation basis).

For this purpose, the AIN Associates have entered into an agreement confirming that:

- the Kern Persons, the SMW Persons, the BAE Persons and Troy Donovan are acting together as an unincorporated body to fulfil the legal requirements of becoming the Dominant Owner of the Company
- any one of the Kern Persons or the SMW Persons are authorised to take all acts required to fulfil the obligations of being the Dominant Owner
- where the AIN Associates acquire shares from shareholders exercising their Voluntary Acquisition Rights, the AIN Associates will nominate the following persons to be registered as the holder of the shares in the following proportions:
  - Kern Group (Licensing) Pty Limited will acquire 25% of any such shares
  - each of the SMW Persons will acquire 25% of any such shares.

Shareholders have the right to object to the cash consideration of $1.00 per share by notifying the Dominant Owner within 10 working days of the date on which the Acquisition Notice is sent. If the Dominant Owner receives written objections from outstanding shareholders who hold the lesser of 2% or more of shares in the Company or 10% or more of the outstanding shares in the Company then the Dominant Owner will immediately refer the consideration amount to an expert determination. The expert must determine the consideration within 20 working days of their appointment and it must be a cash sum equal to the fair and reasonable value of the shares.

Board Control

As set out in section 4.3, the Company currently has 5 directors on the Board, none of whom are associated with the AIN Associates.

Following the Transactions, the AIN Associates will exert significant control over the Board as they will hold 50% of the Board appointments:

- AIN Shareholders Greg Kern, Oliver Sabu and Jack Trenaman will be appointed to the Board, along with new independent director Chris Leon
- current directors Simon Henderson, Peter Liddle and Linda Sanders will resign from the Board while current directors Chris Castle and Jill Hatchwell will remain on the Board as independent directors
- Chris Leon will be appointed Board chair.

Resumes of the directors are set out in section 1 of the Profile entitled *SMW Group And What It Does*.

Operations

Following the Transactions, the Company's management will be undertaken in Australia and the AIN Associates will exert significant influence over the Company's operations:

- Jack Trenaman will be appointed as the Company's chief executive officer
- Troy Donovan will be appointed as the Company's chief financial officer
- Oliver Sabu will be appointed as general manager (BAE).

Resumes of the senior management team are set out in section 1 of the Profile entitled *SMW Group And What It Does*.

2.9 Dilutionary Impact

The AIN Allotments and the Director Allotment will result in the Existing Shareholders' shareholdings in the Company being diluted by 99.3%.

While the dilutionary impact is very significant, we are of the view that the Existing Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. The Widespread In Specie Distribution ensures that the Existing Shareholders will retain their proportionate financial interests in Aorere's current net assets.

2.10 Impact on Share Price and Liquidity

A summary of Aorere's daily closing share price and monthly volume of shares traded from 4 January 2017 is set out in section 4.8.

In the year up to 5 April 2020 (immediately prior to the announcement of the Transactions), 0.8% of the Company's shares traded at a volume weighted average share price (**VWAP**) of $0.001.

The Company's shares were suspended from trading following the announcement of the Transactions in accordance with NZX practice.

A price of $0.001 per share equates to $4.14 per share on a post Share Consolidation basis. Given that $0.001 is the lowest price that a share can trade at on the NZX Main Board, we do not consider that $4.14 per share necessarily represents a market price for Aorere's shares on a post Share Consolidation basis.

Re-rating of Aorere Shares

The completion of the Transactions may lead to a re-rating of the Company's shares. The transformation of Aorere into an Australian based company focused on the mining support, construction and engineering services industries may lead to greater demand for the Company's shares, which in turn may lead to higher prices for the shares. However, Existing Shareholders should also bear in mind that any re-rating of the Company's shares may increase the variability in the Company's share price and this may result in the share price either increasing or decreasing.

Liquidity

Trading in the Company's shares is extremely thin, reflecting that the top 10 shareholders collectively hold 35.03% of the shares.

Existing Shareholders currently have very limited opportunities to sell their shares. Only 0.8% of the Company's shares traded in the year up to 5 April 2020.

The Transactions will not necessarily improve the liquidity of the Company's shares in the near term as the number of shares held by the Existing Shareholders will not change.

Should the AIN Associates seek to dispose of some of their Aorere shares, this may result in increased trading in the Company's shares, thereby improving liquidity.

While we would expect increased demand for the Company's shares post the Transactions, we note that the relatively small free float means that there will be a limited number of shares available for sale and this may restrict the level of trading in the Company's shares.

2.11 Main Advantage to the Existing Shareholders of the Transactions

Following the Transactions, the Existing Shareholders will retain their proportionate interests in Aorere's current net assets (via Widespread) and will collectively hold 0.74% of the shares in a company that focuses on the mining support, construction and engineering services industries in Central Queensland, Australia and has total equity of at least approximately A$6.2 million.

Currently they hold 100.00% of the shares in a small investment company, which had total equity of negative $201,000 as at 31 March 2020 and whose shares are thinly traded on the NZX Main Board.

2.12 Main Disadvantage to the Existing Shareholders of the Transactions

The main disadvantage to the Existing Shareholders of the Transactions is that the shares issued under the AIN Allotments and the Director Allotment will significantly dilute their interests in the Company. Their collective shareholding will be diluted by 99% from their collective shareholding of 100% at present to 0.74%. However, the Widespread In Specie Distribution ensures that they retain their proportionate interests in Aorere's current net assets.

In our view, the positive aspects of the transformation of the Company (as set out in section 2.2) significantly outweigh the dilutionary impact of the Transactions.

2.13 Other Issues for the Existing Shareholders to Consider

Change in Business Risk

As a small investment company, Aorere currently faces a relatively limited range of business risks.

Following the Widespread In Specie Distribution, the Existing Shareholders will still be exposed to these risks.

A detailed analysis of the risks associated with an investment in Aorere post the Transactions is set out in section 4 of the Profile entitled *Risks To SMW Group's Business And Plans* and is summarised in section 6.3 of this report.

The analysis highlights the significant change in the nature of risk associated with an investment in the Company post the Transactions and the Existing Shareholders need to be cognisant of the change in the risk profile of their investment in the Company.

Future Requirements for Capital

Section 1 of the Profile entitled *SMW Group And What It Does* discusses AIN's growth strategies which includes executing further acquisition opportunities.

The Profile states "*[AIN] intends to fund any further acquisitions through a mixture of debt finance, the issue of equity to vendors or capital raising (although, given current market conditions as a result of COVID-19, [AIN] does not expect to undertake any capital raising in the short term (and not before the release of the audited results for FY2020), so would rely on the former two funding options before that time).*"

Existing Shareholders should be cognisant that any equity raisings by the Company in the future in which they do not participate will lead to further dilution of their proportionate interests in the Company.

Funding of Transactions Costs

The total transaction costs associated with the Transactions are estimated to be in the vicinity of $320,000. The costs include legal fees, financial advisory fees, Takeovers Panel fees, NZX Regulation fees, shareholder meeting costs and the cost of this report.

AIN has agreed to fund Aorere's out of pocket third party costs associated with the Transactions.

If the Transactions do not proceed because the Existing Shareholders vote against the Transactions Resolutions, then the Company will be liable to pay the costs funded by AIN within 3 months of the cancellation. If any amount is unpaid by that time, AIN has the right to require that such amount is satisfied by the issue of an equivalent number of new shares. The issue price per share will be 15% below the 30 day VWAP on the date AIN gives notice requiring the share issue.

Benefits to Aorere of the AIN Associates as Cornerstone Shareholders

The AIN Allotments will position the AIN Associates as important cornerstone investors in Aorere, signalling their confidence in the future prospects of the Company. Furthermore, certain AIN Associates will undertake integral roles in the governance and management of the Company.

Existing Shareholder Approval is Required

Pursuant to Rule 7(d) of the Code and Listing Rule 5.1.1, the Existing Shareholders must approve by special resolution the Acquisition and by ordinary resolution the Acquisition Allotment.

The Transactions will not proceed unless the Existing Shareholders approve all of the Transactions Resolutions.

Inability to Creep

The *creep provisions* of Rule 7(e) of the Code enable entities that hold or control more than 50% and less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares in any 12 month period without the need for shareholder approval.

Following the Transactions, no individual AIN Associate will hold or control more than 50% of Aorere's shares. Accordingly, the AIN Associates will not be able to utilise the *creep provisions*.

Furthermore, if the AIN Associates were to form an unincorporated joint venture to combine their shareholdings, they would not be able to utilise the *creep provisions* as they would collectively hold or control more than 90% of Aorere's shares.

Voluntary Acquisition Rights

At the completion of the Transactions, the AIN Associates will collectively hold 98.70% of the shares in Aorere.

As set out in sections 1.2 and 2.8, the AIN Associates propose to send an Acquisition Notice to the Company's shareholders notifying them of their Voluntary Acquisition Rights. The shareholders may exercise their Voluntary Acquisition Rights within 15 working days after the date on which the Acquisition Notice is sent.

As set out in section 9, we have reviewed the Acquisition Consideration of $1.00 per share to be offered under the Acquisition Notice and have certified it to be fair and reasonable.

Attractiveness of the Company as a Takeover Target Unlikely to Change Significantly

Following the Transactions, the AIN Associates will not be able to increase their level of shareholding in the Company unless they comply with the provisions of the Code and the Listing Rules.

They will only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Existing Shareholders
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Existing Shareholders
- the Company undertakes a share buyback that is approved by the Company's shareholders and the AIN Associates do not accept the offer of the buyback
- the Company makes an allotment of shares on or before 31 October 2020 in compliance with the temporary class exemptions from the Code introduced on 10 April 2020 to address the impact of COVID-19.

If the Transactions Resolutions are approved and AIN is backdoor listed, we consider it unlikely that the AIN Associates would make a takeover offer for the Company as this would result in AIN being privatised, thereby reversing the backdoor listing transaction.

We note however that AIN, as a listed entity, will have a higher profile and may be more visible and attractive to potential investors, which may increase the likelihood of a takeover offer for the Company sometime in the future.

2.14 Key Benefit to the AIN Associates

Enhanced Investment Liquidity

The Transactions provide the AIN Shareholders with the opportunity to sell AIN for $53,160,387 in exchange for a 98.22% shareholding in Aorere.

Aorere offers the AIN Associates an effective and efficient means to achieve a listing of AIN on a recognised stock exchange.

Backdoor listing AIN on the NZX Main Board via Aorere will provide a number of benefits to AIN and the AIN Associates:

- an enhancement of AIN's profile in the market place
- the ability to raise equity capital more easily
- the ability to use scrip for acquisitions
- liquidity for the AIN Associates.

The AIN Shareholders will exchange their investments in 2 closely held non-listed companies (SMW and BAE) for a combined shareholding of 98.22% in a company listed on the NZX Main Board, thereby enhancing the liquidity of their investment.

The AIN Associates have also signalled that they will contemplate a dual listing of the Company on the ASX at some time in the future.

We envisage that this would be a relatively high priority for the AIN Associates, given that AIN, SMW and BAE are all Australian domiciled companies.

A dual listing on the ASX may further enhance the benefits listed above.

2.15 Disadvantages to the AIN Associates

Exposure to the Regulatory Requirements of Aorere

The key risks that are likely to impact upon the business operations of AIN are summarised in section 6.3. The AIN Shareholders currently face these risks through their investment in AIN and therefore their risk exposure does not change to any significant extent.

However, following the Transactions, AIN will be a subsidiary of Aorere and will be subject to the additional regulatory requirements of the Code and the Listing Rules (such as restrictions on share transactions and related party transactions as well as higher compliance costs).

2.16 Likelihood of the Transactions Resolutions Being Approved

The Board has unanimously recommended the approval of the Transactions Resolutions. Directors Chris Castle, Jill Hatchwell, Simon Henderson, Peter Liddle and Linda Sanders collectively control 17.68% of the Company's shares, which we assume will be voted in favour of the Transactions Resolutions.

The Company's top 10 shareholders collectively hold 35.03% of the Company's shares. This includes directors Chris Castle, Simon Henderson and Linda Sanders. We are not aware of how these major shareholders will vote in respect of the Transactions Resolutions (other than assuming the 3 directors will vote in favour of the resolutions). The votes of the major shareholders will significantly influence the outcome of the voting on the Transactions Resolutions.

2.17 Implications of the Transactions Resolutions not Being Approved

If any one of the 4 Transactions Resolutions is not approved, then the Transactions cannot proceed and Aorere will remain as a listed investment company.

The immediate implications of the Transactions not proceeding are that the Company must repay to AIN the amounts paid by AIN to Aorere on account of the transaction costs within 3 months (as discussed in section 2.13 *Funding of Transactions Costs*).

If Aorere were to continue as an investment company listed on the NZX Main Board, seeking to undertake another backdoor listing transaction, there is no certainty as to if, or when, such a transaction could be completed. In the meantime, Aorere would continue to incur operating costs associated with remaining listed on the NZX Main Board (including directors' fees, listing fees, registry fees and audit fees).

We note that the Board has stated that if the Transactions Resolutions are not approved, the Company is unlikely to seek to conduct a transaction similar to the Transactions on the basis that the Existing Shareholders were not in favour of such a transaction.

Aorere had cash of $1,000 as at 31 March 2020. Aorere will need to raise additional capital from its existing shareholders and / or new shareholders in the very near term and / or sell some or all of its investments. Otherwise the Board will need to contemplate placing the Company into liquidation. Such an outcome is unlikely to result in any return to shareholders.

The non-approval of the Transactions Resolutions could possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company – especially if shareholder approval is required.

2.18 Options for Shareholders who do not Wish to Retain Their Investment in Aorere

Voluntary Acquisition Rights

Those Existing Shareholders who do not wish to remain shareholders in the Company after the Transactions are completed will be able to exercise their Voluntary Acquisition Rights as described in section 2.8, whereby they will be able to sell their shares to the nominees of the AIN Associates for $1.00 per share (on a post Share Acquisition basis).

Given the thin trading in the Company's shares, the Voluntary Acquisition Rights are likely to provide a more certain exit opportunity than selling shares on-market.

Minority Buy-out Rights Under the Co's Act

If the Transactions Resolutions are passed, those Existing Shareholders who voted all of their shares against special resolution 1 will be entitled to require the Company to buy their shares in accordance with the provisions of the Co's Act.

A shareholder entitled to require the Company to purchase its shares by virtue of section 110 of the Co's Act may, within 10 working days of the passing of the special resolution, give written notice to the Company requiring it to purchase the shares.

The Board is then required to give notice to the shareholder of a fair and reasonable price for the shares. Shareholders who do not agree with the nominated price can object to the price, in which case the price will be determined by arbitration.

A detailed explanation of the minority buy-out rights is set out in Appendix One of the notice of special meeting.

In our view, if Existing Shareholders do not wish to participate in the Transactions, they should exercise their Voluntary Acquisition Rights (as this provides acquisition price certainty) rather than exercise their minority buy-out rights.

2.19 Voting For or Against the Transactions Resolutions

Voting for or against the Transactions Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Evaluation of the Fairness of the Transactions

3.1 Basis of Evaluation

The Guidance Note states that "NZX considers that a notice of meeting in relation to a backdoor or reverse transaction must include an independent appraisal report prepared in accordance with Rule 7.10".

Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the Transactions are *fair* to the Existing Shareholders.

There is no legal definition of the term *fair* in either the Listing Rules or in any statute dealing with securities or commercial law in New Zealand.

In our opinion, the Transactions will be fair to the Existing Shareholders if:

- they are likely to be at least no worse off if the Transactions proceed than if they do not. In other words, we consider that the Transactions will be fair if there is no value transfer from the Existing Shareholders to the AIN Associates, and
- the terms and conditions of the Transactions are in line with market terms and conditions.

We have evaluated the fairness of the Transactions by reference to:

- the rationale for the Transactions
- the terms and conditions of the Transactions
- the alternatives to the Transactions
- the impact of the Transactions on Aorere's financial position
- the impact of the Transactions on the control of Aorere
- the impact of the Transactions on Aorere's share price
- the benefits and disadvantages to the Existing Shareholders and the AIN Associates of the Transactions
- the implications if the Transactions Resolutions are not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

3.2 Evaluation of the Fairness of the Transactions for the Purposes of Listing Rule 7.10.2

In our opinion, after having regard to all relevant factors, the terms and conditions of the Transactions are fair to the Existing Shareholders.

The basis for our opinion is set out in detail in sections 2.3 to 2.17. In summary, the key factors leading to our opinion are:

- the rationale for the Transactions is sound
- the terms of the Transactions are reasonable:
  - the Widespread In Specie Distribution enables the Existing Shareholders to retain their proportionate interests in Aorere's current net assets
  - the Purchase Price is fair
  - the AIN Allotments and the Director Allotment issue price is fair
  - the conditions and warranties set out in the Purchase Agreement are in line with market practice
- the Transactions will have a positive impact on the Company's financial position
- the Company's shares may be re-rated by the market
- the AIN Associates' influence over the outcome of shareholding voting and control over the Board and the Company's operations will be significant
- the dilutionary impact of the AIN Allotments and the Director Allotment on the Existing Shareholders will result in their current collective interests in the Company reducing by 99%. However, the Existing Shareholders will retain their proportionate interests in Aorere's current net assets through the Widespread In Specie Distribution
- the Transactions are unlikely to have any material impact on:
  - the liquidity of the Company's shares in the near term
  - the attraction of Aorere as a takeover target
- the implications of the Transactions Resolutions not being approved by the Existing Shareholders are significant. Aorere will be unable to repay its debts as they fall due and the Board will likely have no option but to place the Company into liquidation unless it can raise additional capital and / or sell some or all of its investments in the very near term.

3.3 Alternative Courses for Aorere

As stated in section 2.6, the likelihood of an alternative transaction in the near term is limited. The Board is not evaluating any other potential transactions.

3.4 Voting For or Against the Transactions Resolutions

Voting for or against the Transactions Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

4. Profile of Aorere

4.1 Background

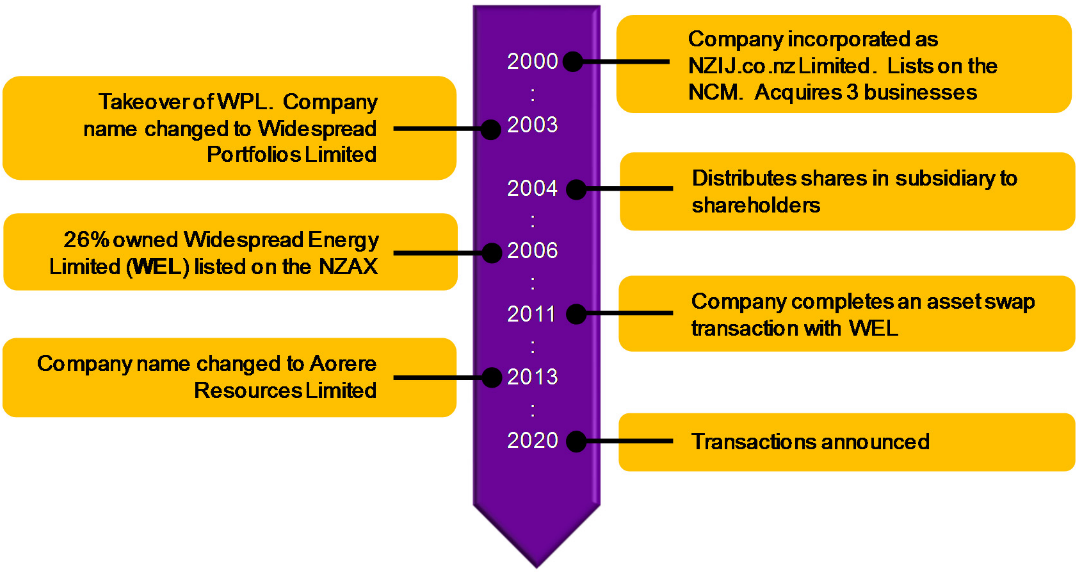
The Company was incorporated on 3 April 2000 as NZIJ.co.nz Limited (**NZIJ**). It subsequently changed its name to:

- Widespread Portfolios Limited on 12 December 2003
- Aorere Resources Limited on 7 May 2013.

NZIJ listed on the New Capital Markets (the **NCM**) operated by NZX in June 2000 following a public issue of 1,200,000 shares at $0.50 each, raising $0.6 million. It acquired 3 financial services businesses associated with John Reuhman for $1.5 million.

In December 2003, NZIJ paid $0.875 for each ordinary share in Widespread Portfolios Limited (**WPL**). Consideration was in the form of 35 NZIJ shares for each WPL share.

The Company's key events are set out below.



4.2 Nature of Current Operations

Aorere is an investment company. Its main investments are:

- 551,655 shares in CRP
- 137,375 shares in AMR.

CRP is listed on the TSX Venture Exchange (the **TSX.V**) with a secondary listing on the NZX Main Board. CRP focuses on the development and exploitation of the Chatham Rise rock phosphate deposit.

AMR is listed on the TSX.V. AMR is a minerals exploration and development company with a focus on base and specialty metals projects.

Aorere also holds small shareholdings in 5 other companies.

The Company has no active trading operations.

4.3 Directors and Senior Management

The Board consists of 5 directors:

- Chris Castle, non-independent director
- Jill Hatchwell, non-independent director
- Simon Henderson, independent director
- Peter Liddle, independent chair
- Linda Sanders, non-independent director.

The Company has no employees.

4.4 Capital Structure and Shareholders

Aorere currently has 1,655,395,842 fully paid ordinary shares on issue held by 931 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 15 May 2020 are set out below.

Aorere's 10 Largest Shareholders

Shareholder	No. of Shares	%
Chris Castle	170,499,998	10.30%
Stacey Radford	111,111,110	6.71%
Wairaka Rock Services Limited	48,079,651	2.90%
Techbase International Limited	45,690,940	2.76%
Gordon Fretwell	43,750,000	2.64%
Linda Sanders and Chris Castle	43,000,000	2.60%
Kwee Mok	38,888,889	2.35%
Craig Thompson	28,541,038	1.72%
Silver Spur Investments Limited	25,309,867	1.53%
Lloyd Woodford	25,001,437	1.51%
Top 10 shareholders	579,872,930	35.03%
Others (921 shareholders)	1,075,522,912	64.97%
Total	1,655,395,842	100.00%

Source: NZX Company Research

Chris Castle and Linda Sanders are Company directors. Collectively, they hold 228,499,998 shares (13.80%). Collectively, the 5 directors hold 292,633,357 shares (17.68%).

The Share Consolidation will result in the 1,655,395,842 shares being consolidated into 400,000 shares.

4.5 Financial Performance

A summary of Aorere's recent financial performance is set out below.

Summary of Aorere Financial Performance

	Year to 31 Mar 17 (Audited) $000	Year to 31 Mar 18 (Audited) $000	Year to 31 Mar 19 (Audited) $000	Year to 31 Mar 20 (Audited) $000
Revenue	130	204	294	144
Expenses	(1,048)	(716)	(565)	(388)
Net loss for the period	(918)	(512)	(271)	(244)

Source: Aorere audited financial statements

The Company has reported losses in each of the last 4 financial years.

Revenue is derived mainly from consultancy fees from CRP and directors' fees from AMR.

Expenses have consisted mainly of management fees paid to Chris Castle, directors' fees and listing fees.

4.6 Financial Position

A summary of Aorere's recent financial position is set out below.

Summary of Aorere Financial Position				
	As at 31 Mar 17 (Audited) $000	As at 31 Mar 18 (Audited) $000	As at 31 Mar 19 (Audited) $000	As at 31 Mar 20 (Audited) $000
Current assets	185	56	16	144
Non current assets	629	406	202	-
Total assets	814	462	218	144
Current liabilities	(338)	(253)	(315)	(345)
Non current liabilities	(35)	(35)	-	-
Total liabilities	(373)	(288)	(315)	(345)
Total equity	441	174	(97)	(201)

Source: Aorere audited financial statements

Aorere's current assets as at 31 March 2020 consisted mainly of the Company's investments in CRP ($68,000) and AMR ($41,000).

Liabilities as at 31 March 2020 comprised trade and other payables, owing mainly to directors.

The Company had equity of negative $201,000 as at 31 March 2020, comprising:

- share capital – $14,482,000
- reserves and accumulated losses – negative $14,683,000.

4.7 Cash Flows

A summary of Aorere's recent cash flows is set out below.

Summary of Aorere Cash Flows				
	Year to 31 Mar 17 (Audited) $000	Year to 31 Mar 18 (Audited) $000	Year to 31 Mar 19 (Audited) $000	Year to 31 Mar 20 (Audited) $000
Net cash (outflow) from operating activities	(660)	(163)	(85)	(104)
Net cash inflow from investing activities	82	24	53	80
Net cash inflow from financing activities	467	116	-	24
Net increase / (decrease) in cash held	111	(23)	(32)	-
Opening cash balance	167	56	33	1
Closing cash balance	56	33	1	1

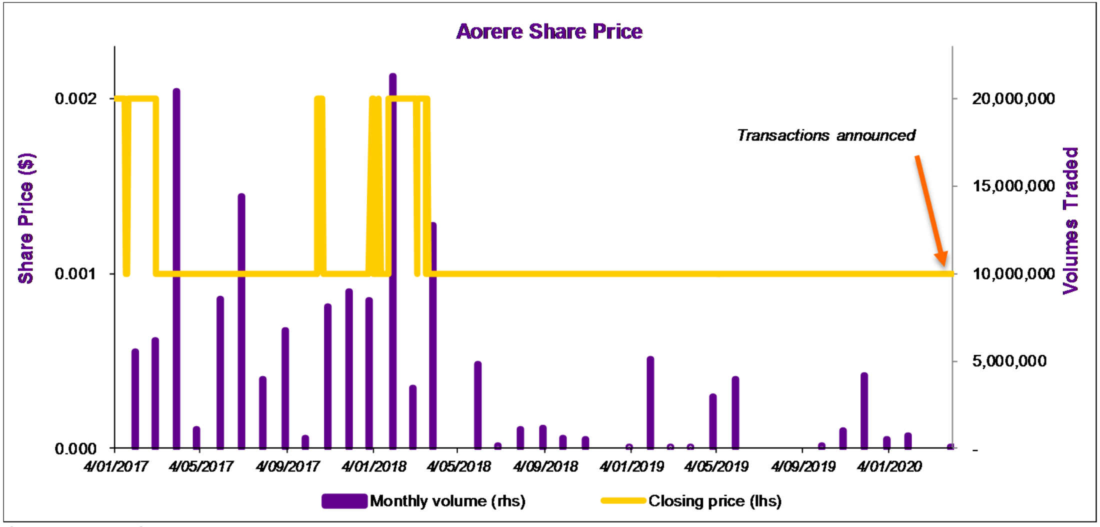
Source: Aorere audited financial statements

Aorere has incurred cash losses from its operations over the past 4 financial years.

The Company has historically funded its operating losses and capital expenditure by raising equity capital.

4.8 Share Price History

Set out below is a summary of Aorere's daily closing share price and monthly volumes of shares traded from 4 January 2017 to 5 April 2020 (when the quotation of the shares was suspended).



Source: NZX Company Research

During the period, Aorere's shares have traded between \$0.001 and \$0.002 at a VWAP of \$0.0011.

An analysis of Aorere's recent VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 5 April 2020 is set out below.

Share Trading up to 5 April 2020

Period	Low ($)	High ($)	VWAP ($)	Volume Traded (000)	Liquidity
1 month	0.001	0.001	0.001	76	0.0%
3 months	0.001	0.001	0.001	816	0.0%
6 months	0.001	0.001	0.001	6,466	0.4%
12 months	0.001	0.001	0.001	13,671	0.8%

Source: NZX Company Research

The analysis highlights the extremely thin trading in the Company's shares.

A price of \$0.001 per share equates to \$4.14 per share on a post Share Consolidation basis. Given that \$0.001 is the lowest price that a share can trade at on the NZX Main Board, we do not consider that \$4.14 per share necessarily represents a market price for Aorere's shares on a post Share Consolidation basis.

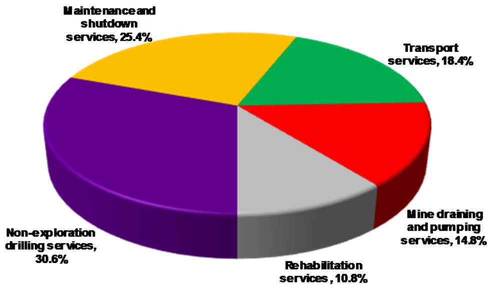
5. Overview of the Australian Mining Support Services Industry

5.1 Sector Overview

The Australian mining support services industry provides specialist maintenance, transport, rehabilitation and shut-down services to downstream mining operations as well as non-exploratory drilling.

Businesses in the industry generally have highly skilled workers that enable them to provide a range of specialist mining services that may not be economically viable for mining companies to develop or provide in-house. As a result, industry firms typically provide services to a range of clients across the mining division.

A summary of the industry's products and services are segmented into 5 main areas.



*Source: IBISWorld, Mining Support Services in Australia, March 2019 (the **IBIS Industry Report**)*

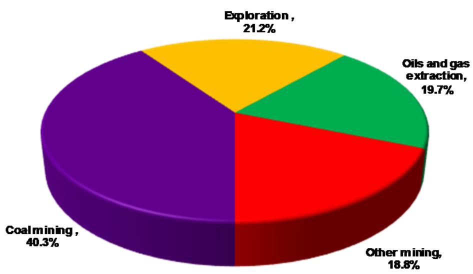
5.2 Key Trends

A number of key trends shape the mining support services industry:

- industry operators depend heavily on capital investment in the mining division
- recent limited demand and modest competition have caused many smaller firms to exit the industry
- mining expenditure has fallen since 2013-14, as projects have moved to later stages of development
- prior to the emergence of the COVID-19 pandemic, industry revenue was anticipated to return to growth in 2020-21 and profitability was forecast to rise over the period as demand for industry services recovers
- oil and gas extraction is projected to become increasingly important to the industry.

5.3 Mining Markets

The industry's major markets are set out below.



Source: IBIS Industry Report

Australia's leading mining commodity exports include coal, iron ore and gold, which are sometimes called primary ores or base metals. However, there is growth in the interest of 'new economy minerals' (i.e. metals and mineral elements used in emerging technologies such as electric vehicles, renewable energy products and consumer devices).

Per the IBIS Industry Report, Western Australia leads the way with the most mining projects (around 36% of businesses in the sector) and Queensland is a close second with 31% of businesses.

The Queensland Government is investing in exploration activities to improve scientific understanding and supply the valuable geoscience data needed by industry to help locate and define deposits for future production.

New economy minerals are mostly concentrated in Queensland's North West and North East mineral provinces, with some new economy minerals found together with other traditionally mined resources.

5.4 Industry Size and Growth

Per the IBIS Industry Report, the 2018-19 Australian mining support services industry is as follows:

- market size: A$10.2 billion
- number of businesses: 1,666
- number of people in employment: approximately 41,000.

Demand for country-wide industry services was extremely volatile over the 5 years from 2014 to 2019, with annual growth over this period of negative 3.3%.

The industry is heavily dependent on capital investment in the mining sector, with demand growth correlated to project development.

Prior to the emergence of the COVID-19 pandemic, the industry was projected to grow moderately at 1.2% per annum over the period from 2019 to 2024. Oil and gas extraction was anticipated to increase, supported by a recovery in capital expenditure on mining and a pipeline of new projects, generating a sustained demand for mining support services. Exploration activity was also forecast to increase, providing further support for industry revenue.

The number of businesses in the mining industry was projected to rise, as improved commodity prices contributed to greater investment in new capacity. Consequently, demand for mining support services was forecast to recover for project development, rather than services for existing projects.

An estimated 57 mining projects, worth approximately A$41 billion, were either committed or believed likely to progress in Australia in the next 4 years, including 12 new mining projects in Queensland that were expected to begin by 2024. These projects are expected to provide increased demand for mining support services, with approximately 5,700 new mining employees with expertise in mining plant operation, maintenance and engineering expected to be required in Australia.

Prior to the emergence of the COVID-19 pandemic, industry profitability was projected to improve over the next 5 years as demand conditions rebound and industry players seek to rein in costs. Rising profit was forecast to attract new entrants to the industry, increasing enterprise numbers. Wages were projected to decrease as a proportion of revenue over the period as operators seek to improve productivity and efficiency. Despite increased productivity and efficiency, industry profitability was likely to remain far lower than many other mining industries as operations are primarily service based.

5.5 Impact of the COVID-19 Pandemic

Research firm IBISWorld believes that the global COVID-19 pandemic is unlikely to have a major direct impact on Australian mineral and petroleum exploration firms. However, it suggests that there is likely to be a significant impact on the mining services subdivision through fluctuations in the global prices of commodities such as oil, natural gas and iron ore.

In the short term, IBISWorld suggests that a decline in commodity prices may discourage mining firms from investing in exploration. However, if firms assume the impact of the COVID-19 pandemic is likely to be temporary and that commodity prices will improve in 2020-21, any change to exploration activity is likely to be minor. The contract mining services industry may be hindered in the short term if large mining firms curtail output amid low prices.

The recent significant downturn in global oil prices is expected to significantly discourage new petroleum exploration expenditure, which may have a large impact on petroleum exploration firms. The extent of this damage depends on how long oil prices remain low, which will be determined by the output of foreign oil producers.

As a result, the COVID-19 pandemic has created fundamental uncertainties in the global economy and could materially affect industry forecasts. Whilst the Australian National Cabinet has identified that the resources industry is important to maintaining the Australian economy and confirmed that the mining industry is an essential service, new projects could be halted by, for example, the unavailability of debt or equity funding or made uneconomic by falls in commodity prices.

Specifically, all mining projects in Queensland have been asked to provide and implement COVID-19 protocols and mines have reduced their FIFO workforce. However, a recent survey of Queensland resources companies undertaken by the Queensland Resources Council shows that more than half of the sector plans to maintain or increase its FIFO workforce by replacing workers with a local drive-in, drive-out workforce.

5.6 Queensland Mining Sector Initiatives

Two new mining initiatives were due to commence in Queensland in January 2020:

- stream 1 – refocusing and extending current efforts. This included finding hidden value in existing mine sites, re-analysing core samples obtained from known deposits and examining previously unconsidered mining opportunities in existing mines
- stream 2 – new exploration activities. The Geological Society of Queensland expects to undertake surveys of key areas, such as Mount Isa, to identify exploration opportunities for mining in previously under-explored areas. In conjunction with the Collaborative Exploration Initiative, grants will be provided to support innovative mineral exploration to companies undertaking higher-risk exploration activities or activities in previously under-explored areas.

5.7 Industry Participants

The Australian mining support services industry is highly fragmented, with no companies having major market shares.

In 2018-19, the 4 largest entities are estimated to account for less than 20% of total revenue in the industry. The larger players in the industry tend to be mining and exploration companies that provide industry services alongside their main activities.

The larger businesses in the sector include:

- Downer EDI Limited
- GHD Group Pty Limited
- Worley Limited
- NRW Holdings Limited
- Orica Limited
- Ausdrill Limited
- Boart Longyear Limited.

Smaller businesses tend to concentrate their operations within specific geographic areas and service segments. As a result, no large firms dominate particular segments or provide a range of different mining support services across several states or territories. Whilst the industry's market share concentration has increased over the past 5 years as some underperforming firms have exited the industry, concentration remains low.

5.8 Key Success Factors

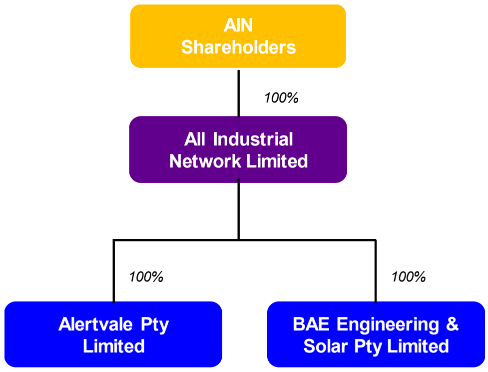
The key success factors identified for the mining services sector include:

- economies of scale
- economies of scope
- access to highly skilled workforce
- having a diverse range of clients
- proximity to key markets.

6. Profile of AIN

6.1 Group Structure

Under the terms of the Purchase Agreement, simultaneous to the completion of the Acquisition, the AIN Shareholders will own AIN, which will wholly own SMW and BAE.



The Profile refers to AIN, SMW and BAE collectively as the **SMW Group**.

6.2 Overview of AIN

Section 1 of the Profile entitled *SMW Group And What It Does* provides a comprehensive overview of AIN, SMW and BAE.

A summary of AIN's operations is set out below.

AIN

AIN was incorporated in Australia on 30 May 2019 to acquire SMW and BAE.

AIN entered into Share Acquisition Agreements to acquire SMW and BAE, with completion of each acquisition to take place immediately prior to the Completion Date.

AIN entered into a Share Acquisition Agreement with the SMW Persons on 18 July 2019 for the sale and purchase of all of the shares in SMW for a purchase price of A$28 million, with the purchase price being satisfied by:

- A$12 million in cash and
- the issue of 16,000,000 shares in AIN at a price of A$1.00 per share.

AIN entered into a Share Acquisition Agreement with the BAE Persons on 19 August 2019 for the sale and purchase of all of the shares in BAE for a purchase price of A$10 million, with the purchase price being satisfied by:

- A$4 million in cash and
- the issue of 6,000,000 shares in AIN at a price of A$1.00 per share.

AIN will enter into the New Finance Facilities prior to completion of the Transactions. The facilities will be approximately A$23.1 million in aggregate and will comprise 3 components:

- equipment finance
- debtor finance
- vendor finance.

SMW

SMW is a diversified mining support and industry services provider based in Rockhampton, Queensland, Australia. SMW has been operating since 2010 and employs over 320 staff.

SMW has 3 key business divisions:

- heavy fabrication and engineering, supported by the *Ultrahaul* brand
- field services
- abrasive blast and paint.

SMW works with a number of market leading mining and infrastructure related entities in the Southern Bowen Basin including BHP / BMA, Anglo Coal, Coronado Curragh, Aurizon (rail transport services) and Rockhampton City Council.

BAE

BAE is based in Mackay, Queensland, Australia 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 2 principal divisions:

- maintenance field services
- repairs, refurbishment, 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.

Integration

SMW and BAE are complementary businesses and the integration of the 2 businesses will be a key priority for AIN immediately after the completion of the Transactions.

SMW and BAE will continue to operate under existing branding, trading names and operational management, allowing them to maintain their existing presence and goodwill.

AIN will initially focus on establishing a corporate identity under the SMW Group name and provide support to SMW and BAE including finance, human resources, information technology and procurement:

- the first phase of integration will focus on SMW Group building a corporate identity and assessing best practice and standardisation of operational practices
- the second phase will focus on standardising and assessing systems and harmonising the group policies and practices.

Growth Strategies

AIN's key growth strategies are:

- capitalising on emerging opportunities in key markets - mining, construction and engineering services
- capitalising on synergies between SMW and BAE
- executing further acquisition opportunities.

6.3 Key Business Risks

Section 4 the Profile entitled *Risks To SMW Group's Business And Plans* sets out in detail the key business risks faced by AIN.

In summary, the key business risks are:

- COVID-19 – the spread of COVID-19, its effect on the global economy and government actions taken in response may have a material adverse effect on AIN, its financial performance and position. AIN has no certainty as to how the COVID-19 pandemic will affect its business in the future
- the integration of SMW and BAE – AIN's future success depends on AIN management's ability to successfully manage integration, expansion and growth. An important factor to this is the successful integration of SMW and BAE into AIN's operational structure. A core growth strategy is also to make further acquisitions which will require integration
- the loss of revenue from key customers – demand for AIN's services is contingent on the success of its customers and the industry they work in. As such, any reduction in demand, including from COVID-19, may have a material adverse effect on AIN's financial performance
- the concentration of key customers – AIN's 5 largest customers contributed approximately 57% of AIN's revenue in the 2019 financial year. Any loss of a key customer of that nature will have a material adverse effect on AIN's financial performance
- changes to key personnel – AIN relies on the key personnel of SMW and BAE to continue long term customer relationships and share industry knowledge. Failure to retain one or more of those key personnel or successfully manage succession could adversely affect AIN's operations.

6.4 Pro Forma Financial Information

Aorere has prepared pro forma financial information in respect of the Transactions which aggregates the historic results of Aorere, AIN, SMW and BAE for the years ended 30 June, 2017 to 2019 and 6 months ended 31 December 2019.

The basis of how the pro forma financial information was compiled is set out in section 3 of the Profile entitled *SMW Group's Financial Information*, along with summaries of the pro forma financial information.

The pro forma financial information has been prepared as if AIN, SMW and BAE were controlled by Aorere for all of the relevant periods and that Aorere has no revenue, no earnings and no net assets (ie consistent with it being a shell company). Accordingly, the pro forma financial information reflects the financial information of the Aorere business that will exist following the completion of the Transactions.

The detailed pro forma financial information is set out in the document entitled *Reconciliation of audited financial statements to pro forma historical information and supplementary financial information* (the **Supplementary Financial Information**), which is available on Aorere's website www.aorereresources.co.nz.

There is no prospective financial information (**PFI**) included in the Profile. Section 3 of the Profile entitled *SMW Group's Financial Information* states:

"*The Proposed Directors have, following careful consideration and after due enquiry, concluded that the provision of PFI for the period to 30 June 2020, and subsequent accounting period to 30 June 2021, may be misleading for potential investors with regard to particulars that are material to the Proposed Transactions. The Proposed Directors believe that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements:*

The Proposed Director's reasons for this opinion are as follows:

- *AIN has only recently acquired its two subsidiaries being the Group Businesses, who each have a history of operating independently. While the Group Businesses have been operating for some time, integration of the Group Businesses under AIN creates an element of uncertainty in performance for the coming years.*
- *The uncertainty of the economic and financial environment associated with the COVID-19 pandemic renders any forecasts unreliable. Refer to the Risk section of the Profile and specifically the risk in respect of COVID-19.*
- *The Company's key growth strategy includes the acquisition of businesses (both from within and outside the mining support and other potential sectors) which complement the Group Businesses. These acquisitions will not only create transactions costs, but will also incorporate the financial positions of newly acquired businesses into the Group structure which will substantially alter the PFI.*
- *The Group Businesses have experienced revenue growth in the last two years due to the recovery of the Australian mining industry. The performance/trends of the Australian mining industry is impacted by many different factors outside the control of the Group Businesses and consequently the last two years' results do not provide a reliable revenue baseline to accurately forecast the PFI.*

Given the inability to reliably determine reasonable assumptions for the periods that would be covered by the PFI, the Proposed Directors are of the view that any prospective financial statements may be misleading for potential investors in a material manner because actual operating revenue or expenditure for that period could be materially different from that forecast."

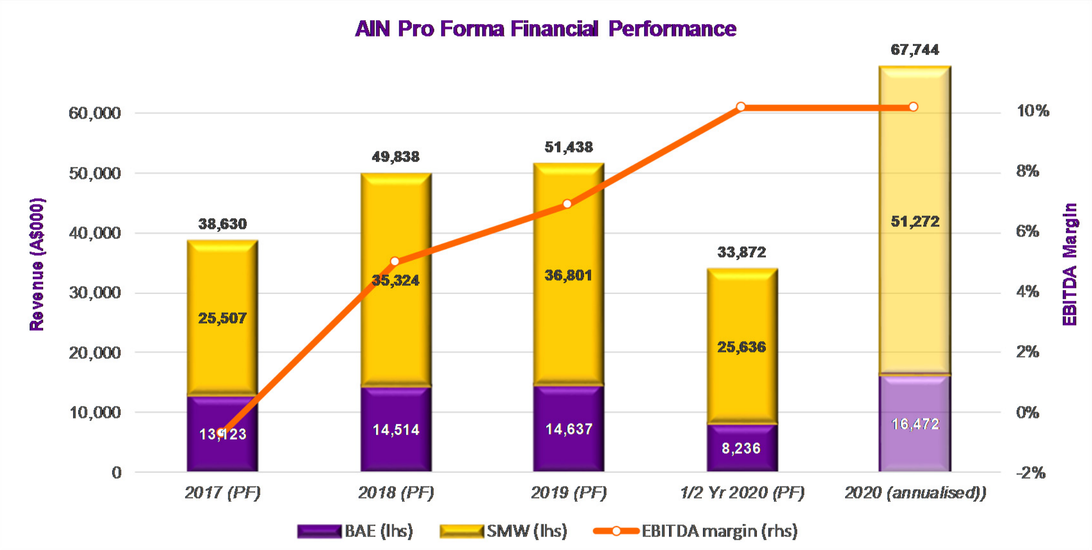
6.5 Financial Performance

A summary of the historic pro forma financial performance for the 2017 to 2019 financial years and the 6 months ended 31 December 2019 is set out below.

Summary of Pro Forma Financial Performance				
	Year to 30 Jun 17 (Pro Forma) A$000	Year to 30 Jun 18 (Pro Forma) A$000	Year to 30 Jun 19 (Pro Forma) A$000	6 Mths to 31 Dec 19 (Pro Forma) A$000
Revenue	38,630	49,838	51,438	33,872
EBITDA	(285)	2,475	3,525	3,426
EBIT	(2,213)	911	1,853	2,584
NPBT	(3,394))	(1,017)	(75)	1,620
NPAT	(2,526)	(710)	(303)	1,096

EBITDA: Earnings before interest, tax, depreciation and amortisation
EBIT: Earnings before interest and tax
NPBT: Net profit before tax
NPAT: Net profit after tax

Source: Supplementary Financial Information



Explanations in respect of the changes in financial performance are set out in section 3 of the Profile entitled *SMW Group's Financial Information*.

AIN's revenue is generated from 2 main sources:

- fabrication and engineering mining services – approximately 55%
- field services – approximately 45%.

The 29% growth in revenue and significant increase in EBITDA in 2018 was largely driven by the recovery in coal prices and general mining activity.

Revenue grew by 3% in 2019 and EBITDA grew by 42%, due mainly to improved project mix and procurement processes and continued focus on cost control.

AIN has stated in the Profile that there are no material seasonal trends in the SMW and BAE operations. In order to derive an indicative view of the financial performance of AIN for the 2020 financial year in the absence of any PFI, we have annualised the pro forma financial performance for the 6 months ended 31 December 2019.

We stress that given the emergence of the COVID-19 global pandemic in the second half of the 2020 financial year and the absence of any PFI, Existing Shareholders should not take the annualised financial performance for the 2020 financial year to represent a forecast for the year and does not represent PFI issued by Aorere or AIN.

The annualised revenue for 2020 is 32% higher than actual revenue for 2019, driven mainly by increased mining spend. The annualised EBITDA for 2020 is 94% higher than actual EBITDA for 2019. The improved EBITDA margin of 10% compared with 7% in 2019 is due to focused improvement in the procurement of materials and services and maintaining a fixed cost base.

The pro forma financial performance includes A$1,863,000 of corporate overheads each year:

- AIN corporate costs – A$1,530,000
- listed company costs – A$333,000.

6.6 Financial Position

A summary of the pro forma financial position as at 30 June, 2017 to 2019 and 31 December 2019 is set out below.

Summary of Pro Forma Financial Position

	As at 30 Jun 17 (Pro Forma) A$000	As at 30 Jun 18 (Pro Forma) A$000	As at 30 Jun 19 (Pro Forma) A$000	As at 31 Dec 19 (Pro Forma) A$000
Total assets	25,689	29,380	33,051	34,438
Total liabilities	(28,890)	(29,840)	(30,104)	(28,245)
Total equity	(3,201)	(460)	2,947	6,193

Source: Supplementary Financial Information

Assets as at 31 December 2019 consisted mainly of:

- current and non current trade and other receivables – A$12 million
- intangible assets (acquired goodwill, brand names, intellectual property, customer contracts and relationships) – A$7 million
- property, plant and equipment – A$3 million
- inventories – A$3 million
- cash – A$2 million.

Liabilities as at 31 December 2019 consisted mainly of interest bearing debt (**IBD**) – A$20 million.

6.7 Cash Flows

A summary of the pro forma cash flows for the 2017 to 2019 financial years and the 6 months ended 31 December 2019 is set out below.

Summary of Pro Forma Cash Flows				
	Year to 30 Jun 17 (Pro Forma) A$000	**Year to 30 Jun 18 (Pro Forma) A$000**	**Year to 30 Jun 19 (Pro Forma) A$000**	**6 Mths to 31 Dec 19 (Pro Forma) A$000**
Net cash inflow from operating activities	739	1,435	1,151	2,521
Closing cash balance	1,365	1,970	2,580	2,265

Source: Supplementary Financial Information

7. Valuation of AIN

7.1 Standard of Value

We have assessed the fair market value of 100% of the shares in AIN.

Fair market value is defined as the price that a willing but not anxious buyer, with access to all relevant information and acting on an arm's length basis, would be prepared to pay to a willing but not anxious seller in an open, unrestricted and stable market.

7.2 Basis of Valuation

In general terms it is recognised that the value of a share represents the present value of the net cash flows expected therefrom. Cash flows can be in the form of either dividends and share sale proceeds or a residual sum derived from the liquidation of the business.

There are a number of methodologies used in valuing shares and businesses. The most commonly applied methodologies include:

- discounted cash flow (**DCF**)
- capitalisation of earnings
- net assets or estimated proceeds from an orderly realisation of assets.

Each of these valuation methodologies is applicable in different circumstances. The appropriate methodology is determined by a number of factors including the future prospects of the business, the stage of development of the business and the valuation practice or benchmark usually adopted by purchasers of the type of business involved.

The DCF method is the fundamental valuation approach used to assess the present value of future free cash flows (**FCF**), recognising the time value of money and risk. The value of an investment is equal to the value of FCF arising from the investment, discounted at the investor's required rate of return.

The capitalisation of earnings method is an adaptation of the DCF method. It requires an assessment of the maintainable earnings of the business and a selection of a capitalisation rate (or earnings multiple) appropriate to that particular business for the purpose of capitalising the earnings figure.

An assets based methodology is often used in circumstances where the assets of a company have a market value independent of the profitability of the company that owns them. A valuation based on an orderly realisation of assets is normally restricted to instances where the investor holds sufficient control to effect a sale of the assets and/or there is some indication that an orderly realisation is contemplated.

7.3 Valuation Approach

We have assessed the fair market value of AIN using the capitalisation of earnings method. We have also undertaken a high level DCF assessment of AIN as a cross-check of our capitalisation of earnings assessment.

The capitalisation of earnings method that we have applied derives an assessment of the value of the core operating business, prior to considering how the business is financed or whether it has any significant surplus assets. This ungeared business value is commonly referred to as the enterprise value and represents the market value of the operating assets (i.e. operating working capital, fixed assets and intangible assets such as brand names, licences, know-how and general business goodwill) that generate the operating income of the business.

In order to assess the value of AIN's shares, we have added the value of cash and cash equivalents to AIN's enterprise value and deducted the value of AIN's IBD.

7.4 Capitalisation of Earnings Valuation

Overview

We have assessed the Company's future maintainable earnings and have reviewed the market valuation and operational performance of comparable companies to derive a range of earnings multiples to apply to our assessed level of maintainable earnings.

Future Maintainable Earnings

The evaluation of maintainable earnings involves an assessment of the level of profitability which (on average) the business can expect to generate in the future, notwithstanding the vagaries of the economic cycle.

The assessment of maintainable earnings is made after considering such factors as the risk profile of the business, the characteristics of the market in which it operates, its historical and forecast performance, non-recurring items of income and expenditure and known factors likely to impact on future operating performance.

We have used EBITDA as the measure of earnings. The use of EBITDA and EBITDA multiples is common in valuing businesses for acquisition purposes as it eliminates the effect of financial leverage which is ultimately in the control of the acquirer and also eliminates any distortions from the tax position of the business and differing accounting policies in respect of depreciation and the amortisation of intangible assets.

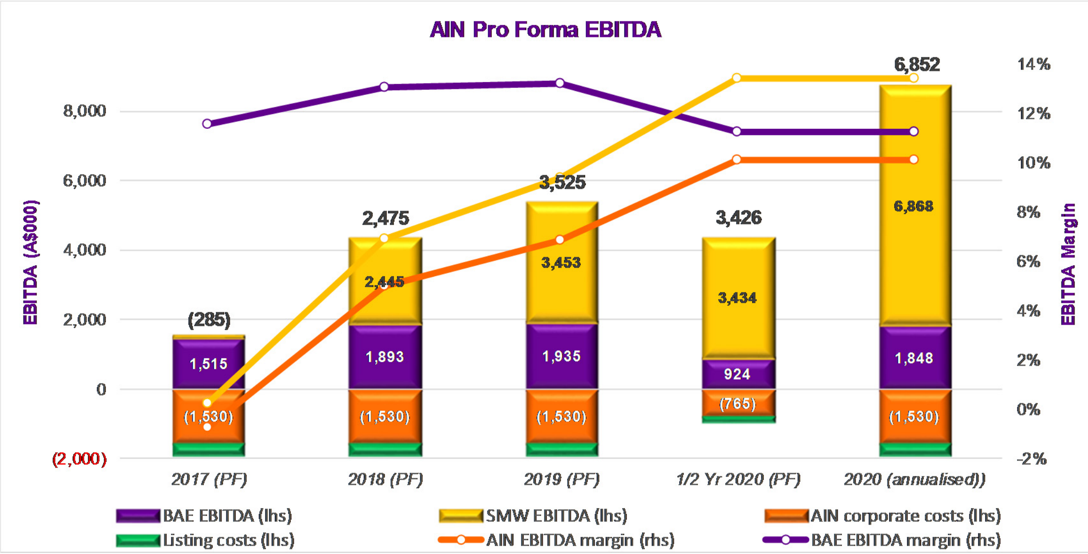
AIN's pro forma financial performance is set out in section 6.5. Pro forma EBITDA has increased from negative A$0.3 million in the 2017 financial year to A$3.5 million in the 2019 financial year. In the absence of any PFI, and on the basis that there are no material seasonal trends in the SMW and BAE operations, we have annualised the pro forma financial performance for the 6 months ended 31 December 2019 to derive the indicative financial performance for the 2020 financial year. Annualised pro forma EBITDA for the 2020 financial year is A$6.9 million.

Pro Forma EBITDA

	Year to 30 Jun 17 (Pro Forma) A$000	Year to 30 Jun 18 (Pro Forma) A$000	Year to 30 Jun 19 (Pro Forma) A$000	6 Mths to 31 Dec 19 (Pro Forma) A$000	Year to 30 Jun 20 (Annualised) A$000
SMW	63	2,445	3,453	3,434	6,868
BAE	1,515	1,893	1,935	924	1,848
Corporate costs	(1,530)	(1,530)	(1,530)	(765)	(1,530)
Listed company costs	(333)	(333)	(333)	(167)	(334)
AIN	(265)	2,475	3,525	3,426	6,852

Source Supplementary Financial Information

We stress that the annualised pro forma EBITDA for the 2020 financial year is a calculation we have undertaken to derive an indication of possible EBITDA. Given the emergence of the COVID-19 global pandemic in the second half of the 2020 financial year and the absence of any PFI, Existing Shareholders should not take the annualised EBITDA for the 2020 financial year to represent a forecast for the year and does not represent PFI issued by Aorere or AIN.



The analysis highlights:

- pro forma EBITDA has grown significantly recently:
  - 42% in the 2019 financial year
  - 94% in the 2020 financial year (on an annualised basis)
- the growth in EBITDA has mainly been achieved through SMW:
  - SMW's EBITDA compound annual growth rate (**CAGR**) between 2017 and 2020 (annualised) is 378% and its revenue CAGR is 26%
  - BAE's EBITDA CAGR between 2017 and 2020 (annualised) is 7% and its revenue CAGR is 8%
- pro forma EBITDA includes:
  - A$1,530,000 of AIN corporate costs per annum
  - A$333,000 of listed company costs per annum.

Given the significant growth in EBITDA in 2019 and 2020, combined with the absence of any PFI in the Profile, we consider it appropriate to base maintainable earnings on the annualised pro forma EBITDA for 2020.

As stated above, the pro forma EBITDA includes A$333,000 per annum in respect of listed company costs. We have excluded these costs from the assessment of AIN's maintainable EBITDA as they will only be incurred post the Transactions (ie they are not costs associated with operating AIN in its current form).

Based on the above, we assess AIN's maintainable EBITDA to be in the vicinity of A$7.2 million.

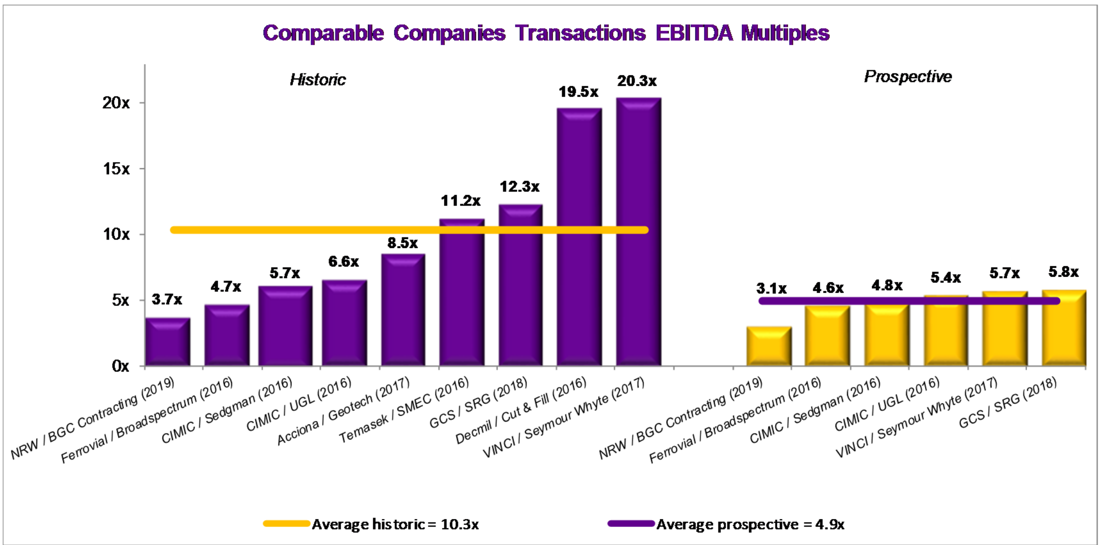
Assessment of Maintainable EBITDA		
	6 Mths to 31 Dec 19 (Pro Forma) A$000	Year to 30 Jun 20 (Annualised) A$000
Pro forma EBITDA	3,426	6,852
Add back listing costs	167	333
Maintainable EBITDA	3,593	7,185

Earnings Multiple

Actual sales of comparable businesses can provide reliable support for the selection of an appropriate earnings multiple. In addition, we can infer multiples from other evidence such as minority shareholding trades for listed companies in Australia with similar characteristics to AIN or transactions involving businesses in the same industry.

Transaction Multiples

Set out at Appendix I is an analysis of 9 recent transactions involving Australian businesses that have some operations in the mining support, construction and engineering services industries, showing historic and prospective EBITDA multiples.



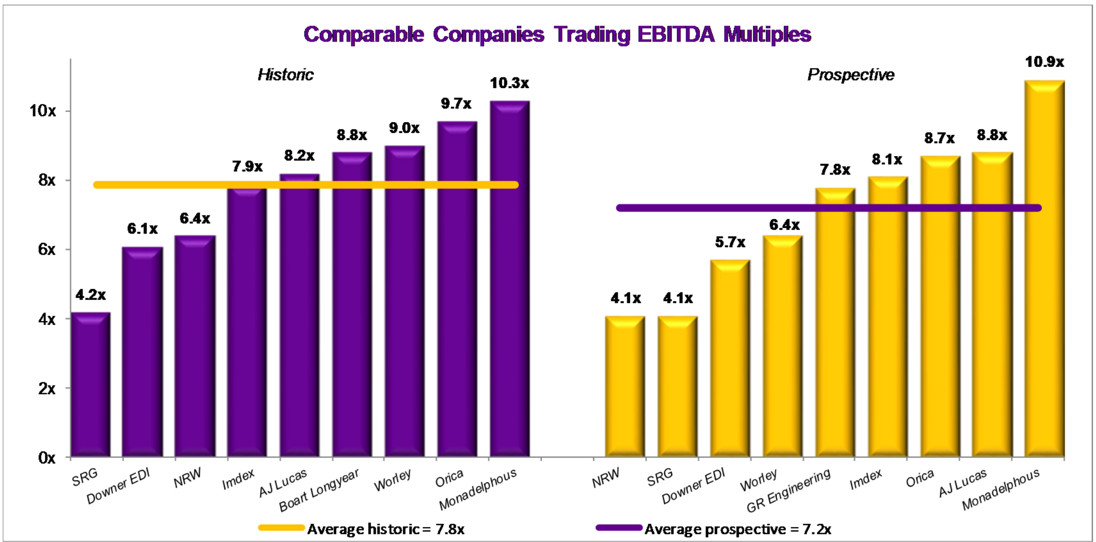
Source: S&P Capital IQ, broker's reports, media coverage, company websites

The analysis shows that:

- the historic EBITDA trading multiples range from 3.7x to 20.3x at an average of 10.3x and a median of 8.5x
- the prospective EBITDA trading multiples range from 3.1x to 5.8x at an average of 4.9x and a median of 5.1x.

Trading Multiples

Set out in Appendix II is an analysis of historic and prospective EBITDA multiples for 10 Australian mining support services companies that are listed on the ASX.



Source: S&P Capital IQ, data as at 1 June 2020

The analysis shows that:

- the historic EBITDA trading multiples range from 4.2x to 10.3x at an average of 7.8x and a median of 8.2x
- the prospective EBITDA trading multiples range from 4.1x to 10.9x at an average of 7.2x and a median of 7.8x.

Selection of EBITDA Multiple Range

In selecting an appropriate EBITDA multiple for AIN, we have taken into account:

- assessed maintainable EBITDA of A$7.2 million is based on historic results
- AIN (particularly SMW) has recorded significant growth in earnings in 2019 and 2020
- AIN is smaller than most of the comparable companies
- the observed trading multiples are based on minority trades and as such do not include any premium for control.

Given the above, we consider an appropriate prospective EBITDA multiple for AIN to be in the range of 8.5x to 9.5x.

Valuation Conclusion

We assess the AIN enterprise value to be in the range of A$61.2 million to A$68.4 million as at the present date based on the capitalisation of earnings method.

Valuation of AIN Business	Low A$000	High A$000
Future maintainable EBITDA	7,200	7,200
EBITDA multiple	8.5x	9.5x
Value of AIN business	61,200	68,400

7.5 Valuation of AIN Shares

To derive the value of the AIN shares, the Company's cash and cash equivalents are added to the enterprise value and IBD is deducted.

AIN's pro forma financial position as at 31 December 2019 recorded cash and cash equivalents of approximately A$2.3 million.

The Purchase Price in the Purchase Agreement is based on the premise that the New Finance Facilities will be in place. AIN's pro forma financial position as at 31 December 2019 recorded IBD of approximately A$20.3 million. It is expected that the New Finance Facilities will be approximately A$23.1 million. We have used both IBD figures in our valuation assessment.

We assess the fair market value of 100% of the shares in AIN to be in the range of A$40.4 million to A$50.4 million as at the present date.

Valuation of AIN Shares

	Low A$000	High A$000
Value of AIN business	61,200	68,400
Cash and cash equivalents	2,265	2,265
IBD	(23,100)	(20,273)
Value of AIN shares	40,365	50,392

7.6 Conclusion

We assess the fair market value of 100% of the shares in AIN to be in the range of A$40.4 million to A$50.4 million as at the present date.

Based on an exchange rate of $1 = A$0.926 as at 1 June 2020, this equates to a range of $43.6 million to $54.4 million.

The valuation represents the full underlying standalone value of AIN based on its current strategic and operational initiatives.

8. Reasonableness of the Acquisition Allotment Issue Price

8.1 Basis of Setting the Issue Price

The Acquisition Allotment involves the issue of 53,160,387 Consideration Shares at $1.00 per share.

We are advised by the Board that the issue price of $1.00 was based on a negotiated value with the AIN Associates and, in the Board's view, fairly reflects the value of Aorere as a NZX listed shell company following the Widespread In Specie Distribution.

8.2 Assessment of the Reasonableness of the Issue Price

We have assessed the reasonableness of the issue price of $1.00 per share by reference to the asset backing of the shares.

In our view, the prices at which the Company's shares have recently traded on the NZX Main Board and the prices at which the Company has recently issued shares are largely irrelevant given that the Company's current net assets will be distributed to the Existing Shareholders under the Widespread In Specie Distribution prior to the Acquisition Allotment.

8.3 Net Assets per Share

Aorere's total equity amounted to negative $201,000 as at 31 March 2020, equating to net assets of negative $0.50 per share on a post Share Consolidation basis.

The Company's net assets will be distributed to the Existing Shareholders for no consideration under the Widespread In Specie Distribution. Following this, the carrying value of Aorere's net assets will be nil and Aorere will effectively be a listed shell company with its only material intangible asset being its NZX Main Board listing.

In general terms, the value ascribed to a NZX Main Board listing is a function of the costs saved by a company undertaking a backdoor listing or reverse listing rather than undergoing an initial public offering (**IPO**) or compliance listing.

The costs of an IPO (when a company seeks to raise capital at the time of its listing) can be significant due to brokerage fees as well as other expenses such as share registry expenses, legal fees, accounting fees, advertising costs, printing costs and postage costs associated with preparing a product disclosure statement. However, the costs associated with a compliance listing, where a company's shares are listed but no new capital is raised, are considerably lower.

Recent backdoor listings and reverse listings on the NZX Main Board have ascribed values in the range of $200,000 to $500,000 to the NZX Main Board listings.

We consider a reasonable value for Aorere's NZX Main Board listing to be in the range of $200,000 to $500,000.

Based on the above, we are of view that the value of Aorere shares following the Widespread In Specie Distribution and prior to the Acquisition will be in the range of $0.50 to $1.25 per share on a post Share Consolidation basis.

Value of Aorere Shares Prior to the Transactions

	Total		Per Share[1]	
	Low $000	High $000	Low $	High $
Net assets as at 31 March 2020	(201)	(201)	(0.50)	(0.50)
Widespread In Specie Distribution[2]	201	201	0.50	0.50
Value of NZX Main Board listing	200	500	0.50	1.25
Value of Aorere shares	200	500	0.50	1.25

1 Based on 400,000 shares on issue post the Share Consolidation
2 Based on the carrying value of Aorere's net assets

A value of $1.00 per Aorere share (post Share Consolidation) implies a value of $400,000 for Aorere's NZX Main Board listing. We consider this implied value to be reasonable.

8.4 Conclusion

We consider the issue price of $1.00 per share under the Acquisition Allotment to be fair from the perspective of the Existing Shareholders as it adequately reflects the value of Aorere's NZX Main Board listing.

9. Independent Adviser's Certificate

9.1 Introduction

Pursuant to Rule 51 of the Code, the AIN Associates will issue a Notice of Dominant Ownership to Aorere immediately upon becoming the Dominant Owner.

By virtue of becoming the Dominant Owner, the AIN Associates are required to issue an Acquisition Notice to the Company's shareholders, stating that the shareholders have the right to sell their shares to the nominees of the AIN Associates. The AIN Associates intend to send the Acquisition Notice to the shareholders immediately upon becoming the Dominant Owner.

Rule 57(1)(a) of the Code requires the Acquisition Notice to specify a cash sum as consideration for each Aorere share certified as fair and reasonable by an Independent Adviser.

The Acquisition Consideration will be $1.00 per share in cash for the 706,000 ordinary shares in Aorere that the AIN Associates do not hold or control (on a post Share Consolidation basis).

9.2 Valuation Assessment

Rule 57 of the Code specifies that the fair and reasonable value of an equity security (in this case the ordinary shares of Aorere) is to be calculated by assessing the value of all securities in that class and then pro rating that value across those securities.

The impact of this provision of the Code is that no minority discount is to be attributed to the value of the Aorere shares offered to be acquired under the Acquisition Notice.

We assess the fair market value of 100% of the shares in Aorere following the Transactions to be in the range of $40.4 million to $51.9 million. This equates to a value of $0.75 to $0.96 per share on a post Share Consolidation basis.

The valuation is based on the combined values of:

- AIN on a standalone basis (as set out in section 7)
- Aorere as a listed shell company following the Widespread In Specie Distribution (as set out in section 8)
- the annual listing costs that will be incurred post the Transactions (estimated at A$333,000 in section 6.5), capitalised at an EBITDA multiple of 8.5x to 9.5x.

Valuation of Aorere Post the Transactions

	Section	Low $000	High $000
Value of AIN	*7*	43,591	54,419
Value of Aorere pre the Acquisition	*8*	200	500
Capitalised listing costs		(3,416)	(3,057)
Value of Aorere post the Transactions		40,375	51,862
No. of shares on issue		54,122,387	54,122,387
Value per share ($)		$0.75	$0.96

9.3 Certification of Fairness and Reasonableness

The AIN Associates will specify the Acquisition Consideration in the Acquisition Notice to be $1.00 per share on a post Share Consolidation basis.

The Acquisition Consideration offered is above our assessed valuation range of $0.75 to $0.96 per share. Accordingly, we certify that, for the purposes of Rule 57(1)(a) of the Code, the Acquisition Consideration is fair and reasonable.

10. Sources of Information, Reliance on Information, Disclaimer and Indemnity

10.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the draft Profile
- the Purchase Agreement
- the Aorere annual reports for the years ended 31 March, 2017 to 2020
- data in respect of AIN, SMW and BAE, including due diligence material provided to Aorere
- the Supplementary Financial Information
- SMW's and BAE's annual reports for the years ended 30 June, 2017 to 2019 and financial statements for the 6 months ended 31 December 2019
- the IBIS Industry Report
- publicly available information on the Australian mining support services industry
- data in respect of Aorere and companies operating in the mining support, construction and engineering services industries from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from the Board and Aorere's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report and Appraisal Report with all information relevant to the Transactions that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report and Appraisal Report.

In our opinion, the information to be provided by Aorere to the Company's shareholders is sufficient to enable the Board and the Existing Shareholders to understand all the relevant factors and to make an informed decision in respect of the Transactions.

10.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Aorere and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Aorere, AIN, SMW or BAE. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

10.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Aorere or AIN will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Aorere and AIN and their directors and management teams. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting or the Profile issued by Aorere and have not verified or approved the contents of the notice of special meeting or the Profile. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

10.4 Indemnity

Aorere has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Aorere has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

11. Qualifications and Expertise, Independence, Declarations and Consents

11.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

11.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Aorere, AIN or the AIN Associates or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Transactions.

Simmons Corporate Finance has not had any part in the formulation of the Transactions or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Transactions Resolutions. We will receive no other benefit from the preparation of this report.

11.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

11.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to the Existing Shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
2 June 2020

Appendix I

Comparable Companies Transaction Multiples

Transaction Multiples

Date	Target	Buyer	Transaction Value (A$m)	EBITDA Multiple Historic	EBITDA Multiple Prospective
Dec 2019	BGC Contracting	NRW	310	3.7x	3.1x
Jun 2018	SRG	GCS	153	12.3x	5.8x
Mar 2017	Seymour Whyte	VINCI	132	20.3x	5.7x
Mar 2017	Geotech Holdings	Acciona	197	8.5x	n/d
Dec 2016	UGL	CIMIC	452	6.6x	5.4x
May 2016	SMEC	Temasek	445	11.2x	n/d
May 2016	Broadspectrum	Ferrovial	769	4.7x	4.6x
Feb 2016	Cut & Fill	Decmil	48	19.5x	n/d
Jan 2016	Sedgman	CIMIC	170	5.7x	4.8x
Minimum			*48*	*3.7x*	*3.1x*
Median			*197*	*8.5x*	*5.1x*
Average			*297*	*10.3x*	*4.9x*
Maximum			*769*	*20.3x*	*5.8x*

n/d: Not disclosed

Source: S&P Capital IQ, Independent Expert's Reports, media coverage

NRW acquired **BGC Contracting** for A$310 million in December 2019 at a historic EBITDA multiple of 3.7x and a prospective EBITDA multiple of 3.1x.

Global Construction Services entered into a scheme of arrangement to acquire **SRG** for A$153 million in June 2018 in a merger of equals transaction at a historic EBITDA multiple of 12.3x and a prospective EBITDA multiple of 5.8x.

VINCI made an offer to acquire **Seymour Whyte** for A$132 million in March 2017 by way of a scheme implementation agreement at a historic EBITDA multiple of 20.3x and a prospective EBITDA multiple of 5.7x.

Acciona Infrastructure Australia Pty Limited acquired an 82.4% stake in **Geotech Holdings Pty Limited** for A$197 million in March 2017 at a historic EBITDA multiple of 8.5x and a historic EBIT multiple of 9.2x.

CIMIC acquired the remaining 86.2% stake in **UGL** for A$452 million in December 2016 by way of a takeover offer at a historic EBITDA multiple of 6.6x and a prospective EBITDA multiple of 5.4x.

Temasek Holdings acquired **SMEC Holdings** for A$445 million in May 2016 at a historic EBITDA multiple of 11.2x.

Ferrovial Services (Australia) Pty Limited acquired 100% of **Broadspectrum Limited** (formerly known as Transfield Services Limited) for A$769 million in May 2016 at a historic EBITDA multiple of 4.7x and a prospective EBITDA multiple of 4.6x.

Decmil Group Limited acquired **Cut & Fill Pty Limited** for A$48 million in February 2016 at a historic EBITDA multiple of 19.5x.

CIMIC acquired the remaining 63% stake in **Sedgman Limited** for A$170 million in January 2016 at a historic EBITDA multiple of 5.7x and a prospective EBITDA multiple of 4.8x.

Appendix II

Comparable Companies Trading Multiples

Trading Multiples						
Company	Market Capitalisation (A$m)	Enterprise Value (A$m)	EBITDA Multiples		PE Multiples	
			Historic	Prospective	Historic	Prospective
AJ Lucas	57	152	8.2x	8.8x	n/m	n/m
Boart Longyear	54	1,141	8.8x	n/a	n/m	n/a
Downer EDI	2,660	5,094	6.1x	5.7x	13.0x	12.6x
GR Engineering	107	91	n/m	7.8x	n/m	16.4x
Imdex	448	462	7.9x	8.1x	14.2x	18.3x
Monadelphous	1,123	1,045	10.3x	10.9x	23.3x	23.9x
NRW	830	1,116	6.4x	4.1x	20.1x	8.9x
Orica	7,042	9,001	9.7x	8.7x	17.7x	18.9x
SRG	87	117	4.2x	4.1x	14.7x	9.7x
Worley	4,484	6,659	9.0x	6.4x	23.7x	12.0x
Minimum	*54*	*91*	*4.2x*	*4.1x*	*13.0x*	*8.9x*
Median	*639*	*1,081*	*8.2x*	*7.8x*	*17.7x*	*14.5x*
Average	*1,689*	*2,488*	*7.8x*	*7.2x*	*18.1x*	*15.1x*
Maximum	*7,042*	*9,001*	*10.3x*	*10.9x*	*23.7x*	*23.9x*

n/a: Not applicable
n/m: Not meaningful

Source: S&P Capital IQ, data as at 1 June 2020

AJ Lucas Group Limited provides drilling services in Australia. The company operates through Drilling and Oil and Gas segments. The Drilling segment offers drilling services primarily to the coal and coal seam gas industries for the degasification of coal mines and associated services as well as commercial extraction of gas. The Oil and Gas segment engages in the commercialization of unconventional and conventional hydrocarbons. The company was incorporated in 1993 and is headquartered in North Sydney, Australia.

Boart Longyear Limited provides drilling services and drilling equipment and performance tooling for mining and mineral drilling companies in North America, Latin America, the Asia Pacific, Europe and Africa. Boart Longyear Limited was founded in 1890 and is headquartered in Salt Lake City, Utah, United States of America.

Downer EDI Limited operates as a services provider in Australia, New Zealand, the Asia-Pacific, South America and Southern Africa. The company provides engineering and infrastructure management services to the public and private transport, energy, infrastructure, communications and resources sectors. Its Mining segment provides resource definition, exploration drilling and mine feasibility studies, open cut and underground mining services and drilling, blasting, crushing, asset management, tire management and mine closure and rehabilitation services. The company was incorporated in 1989 and is headquartered in Sydney, Australia.

GR Engineering Services Limited operates as an engineering, consulting and contracting company that provides engineering design, procurement and construction services to the mining and mineral processing industries in Australia and internationally. GR Engineering Services Limited was founded in 1986 and is based in Ascot, Australia.

Imdex Limited provides mining equipment, technology and services for the minerals industry in the Asia-Pacific, Africa, Europe, the Americas and internationally. The company was formerly known as Pilbara Gold NL and changed its name to Imdex Limited in July 1985. Imdex Limited was incorporated in 1980 and is headquartered in Balcatta, Australia.

Monadelphous Group Limited provides construction, maintenance and industrial services to the resources, energy and infrastructure sectors in Australia, New Zealand, Mongolia and internationally. It operates through Engineering Construction, and Maintenance and Industrial Services divisions. Monadelphous Group Limited was founded in 1972 and is headquartered in Perth, Australia.

NRW Holdings Limited provides civil and mining contracting, urban development and drilling and blasting services in Australia. It operates through 4 business segments - Civil, Mining, Drill and Blast and Mining Technologies. NRW Holdings Limited was founded in 1994 and is headquartered in Belmont, Australia.

Orica Limited manufactures and sells commercial explosives and blasting systems to the mining, quarrying, oil and gas and construction markets in Australia, the United States and internationally. Orica Limited was founded in 1874 and is headquartered in East Melbourne, Australia.

SRG Global Limited operates as an engineering-led specialist construction, maintenance, and mining services company. The company operates through 3 segments - Construction, Asset Services and Mining Services. The company was formerly known as Structural Systems Limited and changed its name to SRG Global Limited in November 2014. SRG Global Limited was founded in 1961 and is headquartered in Subiaco, Australia.

Worley Limited provides professional services to resources and energy sectors. It operates through 4 segments - Energy and Chemical Services, Mining, Minerals and Metal Services. The company was formerly known as WorleyParsons Limited and changed its name to Worley Limited in October 2019. Worley Limited was founded in 1971 and is based in North Sydney, Australia.