

16 December 2022

Off-Market Takeover Bid for Norwest Energy

Mineral Resources Limited (**ASX: MIN**) (**MinRes** or **Company**) is pleased to announce its intention to make an off-market takeover bid (**Offer**) to acquire every issued fully paid ordinary share (**Norwest Share**) in Norwest Energy NL (**ASX: NWE**) (**Norwest**) that it does not already own.

Norwest is MinRes' minority joint venture partner in the Lockyer Deep gas project in the Perth Basin.

MinRes intends to offer one (1) fully paid ordinary share in MinRes for every 1,367 Norwest Shares held on the register date. The Offer implies an offer price of \$0.06 per Norwest Share (**Implied Offer Price¹**).

Norwest's principal asset is a non-operating interest in onshore Perth Basin exploration permits EP 368 (20%) and EP 426 (22.22%). MinRes and its subsidiaries are the permit operators and owners of the remaining interest in EP 368 and EP 426.

MinRes is also the largest shareholder in Norwest, holding approximately 19.9% of Norwest Shares on issue. The Offer excludes Norwest Shares already held by MinRes.

MinRes is an ASX 50 company and, since its listing in 2006, has delivered the second-best Total Shareholder Return² of any stock in the ASX 200.

Highlights

- MinRes' Offer is one (1) fully paid ordinary MinRes Share for every 1,367 Norwest Shares held on the register date (subject to the satisfaction or waiver of the condition to the Offer).
- The scrip nature of the Offer means Norwest Shareholders will retain their exposure to EP 368 and EP 426 – including the Lockyer Deep gas discovery – but will no longer be exposed to funding and development uncertainties.
- The Offer will enable Norwest Shareholders to participate in the future success of MinRes – including dividends – delivered by MinRes' portfolio of mining services, lithium, iron ore and energy operations.
- The Implied Offer Price¹ of \$0.06 per Norwest Share represents an equity value for Norwest of approximately \$403 million.
- The Offer is attractively valued, with the Implied Offer Price¹ representing:
 - a premium of 33% to the closing price of Norwest Shares on ASX on 15 December 2022;
 - a 27% premium to the 1-month volume weighted average price of Norwest Shares up to and including 15 December 2022; and
 - an 11% premium to the 52-week high closing price of \$0.054 for Norwest Shares on ASX on 30 August 2022.
- Norwest Shareholders may be eligible for rollover relief on any capital gains tax obligations.

¹ Implied Offer Price calculated based on closing price of MinRes shares on ASX on 15 December 2022 of A\$82.00

² Total Shareholder Return is calculated as the cumulative share price appreciation and dividends paid per share since MinRes listing in July 2006 assuming all dividends are reinvested in MinRes

- The Offer is not subject to a minimum acceptance condition and is conditional only on there being no prescribed occurrences as described in section 652C(1) and section 652C(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

MinRes expects to lodge its Bidder's Statement in the coming days and for its Offer to open for acceptance by Norwest Shareholders in early January 2023. Further details in relation to the Offer are set out in Appendix A.

Benefits of the Offer

MinRes believes there are a number of compelling reasons why Norwest Shareholders should consider accepting the Offer when made, including:

- The Offer represents an attractive value and premium for your Norwest Shares
- Norwest Shareholders will become a shareholder in a leading ASX-listed company with proven ability to deliver exceptional shareholder returns:
 - MinRes is an ASX 50 company with a market capitalisation of approximately \$15.6 billion, sustainable cashflow generation and a strong balance sheet
 - MinRes is the world's largest crushing contractor, a leading pit-to-port mining services provider, a global Top 5 hard rock lithium producer, an Australian Top 5 iron ore producer and the largest holder of onshore gas acreage in the Perth and Carnarvon Basins, where Norwest's projects are located
 - MinRes has a highly experienced, multi-disciplined management and operational team with a strong history of project delivery and operational capability that can de-risk projects and maximise project returns
 - MinRes' well-funded and growth-focused Energy division is led by highly experienced industry executive Shelley Robertson, a former managing director and CEO of Norwest
 - Since listing in 2006, MinRes has delivered:
 - 35% per year Total Shareholder Return², the second best among ASX 200 companies; and
 - 20% per year growth in fully franked dividends
 - The potential benefit of receiving MinRes Shares under the Offer can be seen from prior transactions in which target company shareholders received MinRes Shares (or would have received MinRes Shares if the offer had been successful)³:
 - former Polaris Metals Shareholders have benefited from 1,837% Total Shareholder Return (26% pa on an annualised basis) since transaction close on 25 January 2010 to yesterday's date;
 - former Mesa Minerals Shareholders have benefited from 1,529% Total Shareholder Return (25% pa on an annualised basis) since transaction close on 27 August 2010 to yesterday's date;

³ Past performance is not an indication of future performance. There is no guarantee that similar returns will be achieved in this Offer and these returns should not be seen as representing the actual or forecast premium implied by the Offer. These examples have been included as examples from prior transactions involving MinRes. Total Shareholder Return calculations assume the relevant target company shareholders acquired MinRes Shares at the specified date, retained those MinRes Shares and reinvested all dividends received on those MinRes Shares

- Atlas Iron Shareholders would have benefited from 465% Total Shareholder Return (49% pa on an annualised basis) since offer expiry on 1 August 2018 to yesterday's date⁴; and
 - AWE Shareholders would have benefited from 426% Total Shareholder Return (44% pa on an annualised basis) since offer expiry on 31 May 2018 to yesterday's date⁵
- Norwest Shareholders will benefit from the consolidation of ownership of the Lockyer Deep gas project and reduced funding and development risks
 - Accepting Norwest shareholders may be entitled to claim rollover relief in respect to any capital gains tax⁶
 - Aside from "prescribed occurrences", the Offer is unconditional and there is no minimum acceptance condition, meaning there is a high degree of certainty that accepting Norwest Shareholders will receive the consideration due under the Offer
 - The Offer will provide Norwest Shareholders with equity in MinRes, which provides an opportunity for Norwest Shareholders to obtain significantly elevated liquidity on their investment in Norwest (and thus may more readily monetise their resulting holding of MinRes Shares if desired)
 - The trading price and liquidity of Norwest Shares may fall if the Offer is unsuccessful
 - Norwest Shareholders may not incur brokerage or stamp duty in accepting the Offer

Further information on these benefits and other details regarding the Offer will be set out in MinRes' Bidder's Statement (**Bidder's Statement**), which is expected to be lodged in the coming days.

The Bidder's Statement will set out important information, including how to accept the Offer, information about MinRes and the key reasons why Norwest Shareholders should **ACCEPT** the Offer.

MinRes' Energy Strategy

MinRes has identified Energy as one of four growth pillars through which the Company seeks to safely deliver enduring value for shareholders.

The Company has been building its onshore gas acreage position across the Perth and Carnarvon Basins since 2015 and has established a strong portfolio of development opportunities, headlined by the significant Lockyer Deep conventional gas discovery made by MinRes and Norwest on EP 368 in 2021.

MinRes has an active plan of exploration activities for its Perth Basin permits that includes the drilling of six wells over the next two years, commencing in early 2023, and the fast-tracking of appraisal and development studies at Lockyer Deep.

⁴ This is a theoretical return that the Atlas Iron Shareholders would have received had the scheme of arrangement proposed by MinRes for Atlas Iron succeeded and Atlas Iron Shareholders received MinRes Shares under that scheme.

⁵ This is a theoretical return that the AWE Shareholders would have received had the scheme of arrangement proposed by MinRes for AWE succeeded and AWE Shareholders received MinRes Shares under that scheme.

⁶ Further information on the tax implications of the Offer for Norwest Shareholders will be contained in the Bidder's Statement.

MinRes' interest in and operatorship of EP 368 and EP 426 underpins the Company's view that acquiring minority joint venture partner Norwest is a logical and accretive addition to unlocking the potential of its portfolio of gas assets.

This Offer aligns with and supports MinRes' Energy strategy, which is focused on delivering a low-cost, long-life secure energy supply, including for the Company's lithium and iron ore mining operations in Western Australia.

Increased introduction of gas into MinRes' energy supply chain, alongside significant investment in renewable energy, will also allow the Company to displace diesel with gas and other alternative energy sources across MinRes' operations.

Commenting on the Offer for Norwest Energy, MinRes Managing Director Chris Ellison said:

"MinRes has become one of Australia's most successful companies because of our ability to identify and act early on opportunities that benefit all of our shareholders."

"We started accumulating what is now the largest acreage position in the onshore Perth and Carnarvon Basins in 2015 with a clearly articulated strategy to lock in a low-cost, long-life energy supply for our operations. This strategy also aligns with MinRes' pathway to reducing our carbon emissions by 50% by 2035 and net zero emissions by 2050."

"The significant conventional gas discovery we made at Lockyer Deep last year, which we believe may be the largest onshore gas find in Australia, is driving us to develop and commercialise this high-quality energy source as quickly as possible."

"The scrip-based Offer for our JV partner Norwest will consolidate Lockyer Deep's project ownership and provide Norwest Shareholders with exposure to a bigger prize. It is also a natural progression that can create lasting value for both groups of shareholders under the MinRes ownership umbrella."

"MinRes has a proud history of successfully building, owning and operating resources projects in Western Australia. We have a strong and highly experienced Energy team, led by Shelley Robertson, that has access to MinRes' project development expertise and balance sheet."

"This Offer presents a compelling and unique opportunity for Norwest Shareholders to join the MinRes family and be part of the next chapter in our significant value creation."

Investor and media webcast

MinRes will be holding a webcast for investors and media today, **Friday 16 December at 9:00am AWST**. The webcast will be hosted by MinRes Managing Director Chris Ellison.

Norwest Shareholders are warmly invited to join the webcast.

To register, please use this link: <https://s1.c-conf.com/diamondpass/10027687-qdte64.html>. Dial-in details and an individual PIN will be received upon registration.

Advisers

MinRes is being advised by J.P. Morgan as financial adviser and Gilbert + Tobin as legal adviser.

Additional information

An information line has been established for the purposes of the Offer. Shareholders can contact the Offer Information Line on 1300 916 995 (within Australia) or +61 3 9415 4653 (from outside of Australia), Monday to Friday between 8.30am to 5.00pm (EST).

ENDS

This announcement dated 16 December 2022 has been authorised for release to the ASX by Derek Oelofse, Company Secretary. For further information, please contact:

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About Mineral Resources

Mineral Resources Limited (ASX: MIN) is a Perth-based leading mining services provider, with a particular focus on the iron ore, lithium and gas sectors in Western Australia. Using technical know-how and an innovative approach to deliver exceptional outcomes, Mineral Resources has become one of the ASX's best-performing contractors since listing in 2006. For more information, visit www.mineralresources.com.au

APPENDIX A: CONSIDERATION, CONVERTIBLE SECURITIES AND CONDITIONS OF THE OFFER

1. Consideration

Subject to the detailed terms of the Offer, to be set out in MinRes' Bidder's Statement, Norwest Shareholders will receive one (1) MinRes Share for every 1,367 Norwest Shares owned as at the register date (which will be specified in the Bidder's Statement).

If, at the time this Offer is made, a Norwest Shareholder has a registered address outside certain permitted jurisdictions (which will include Australia and New Zealand, and may include other jurisdictions to be specified in the MinRes Bidder's Statement) or a Norwest Shareholder who will receive a total number of MinRes Shares having a value of less than \$500 based on the highest closing price of MinRes Shares on the ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer period and five ASX trading days before the first day on which MinRes must provide the consideration under the Offer, that Norwest Shareholder will not receive MinRes Shares as consideration under the Offer, but will instead receive a cash amount determined in accordance with the Bidder's Statement upon sale of the MinRes Shares to which they would otherwise have been entitled under the Offer.

Any entitlement to MinRes Shares under the Offer will be calculated by dividing the number of Norwest Shares held by 1,367. If this calculation results in an entitlement to a fraction of an MinRes Share, the number of MinRes Shares to be issued pursuant to the Offer will be rounded:

- (i) up to the nearest whole number of MinRes Shares (if equal to a fraction of 0.5 or greater); or
- (ii) down to the nearest whole number of MinRes Shares (if equal to a fraction of less than 0.5).

If MinRes reasonably believes that a Norwest Shareholder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the nearest whole number of MinRes Shares.

2. Norwest convertible securities

Pursuant to section 617(2) of the Corporations Act, the Offer will extend to Norwest Shares issued during the Offer period on the exercise or conversion of Norwest options or performance rights.

3. Conditions to the Offer

The completion of the Offer and any contract that results from an acceptance of the Offer is subject to there being no "prescribed occurrences" as described in section 652C(1) and section 652C(2) of the Corporations Act during the period of the Offer and until the date which is three (3) business days after the close of the Offer.