

28 January 2015

Companies Announcement Office
ASX Limited
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DIRECTORS RECOMMEND SHAREHOLDERS ACCEPT THE OFFER BEFORE THE OFFER CLOSES AT 4PM (SYDNEY TIME) 3 FEBRUARY 2015

The Directors of Resource Equipment Limited (**REL**) note that the period in which Pump Services, LLC (**Pump Services**) can:

- (a) extend the offer period; or
- (b) increase the bid consideration,

under its on-market takeover offer for REL shares (**Offer**) has now expired in accordance with the Corporations Act 2001 (Cth), unless another takeover offer is announced for REL before the end of the Offer period.ⁱ

Shareholders who have not previously accepted Pump Services' Offer have until 4pm (Sydney time) 3 February 2015 to accept the Offer of \$0.26 cash per REL share.

As at the close of ASX trading on 27 January 2015 Pump Services has acquired a relevant interest in 59.31% of REL's shares, and has therefore gained majority control of REL.

The REL Directors unanimously recommend that shareholders **ACCEPT** the Offer in the absence of a superior proposal for the following reasons:

- (a) The Offer is at a significant premium to the trading price of REL shares over a range of time periods prior to the announcement of the Offer, including an 86% premium to REL's pre announcement closing price of \$0.14.
- (b) The price of REL shares is likely to fall in the absence of the Offer.
- (c) The liquidity of REL shares is already low and the Offer provides REL shareholders with an opportunity to sell their REL shares.

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- (d) The Offer price of \$0.26 per REL share provides REL shareholders with a certain cash value for their REL shares and REL shareholders will be paid cash quickly (i.e. 3 trading days) after accepting the Offer.
- (e) No other offer has been made to purchase REL shares and there is no current indication that there will be a competing proposal.

Further details surrounding these risks is set out in section 2 of the Target's Statementⁱⁱ.

Risks associated with not accepting the Offer

As noted in the Target's Statement, there are risks associated with not accepting the Offer, including:

- (a) The REL share price is likely to fall in the absence of the Offer and you are unlikely to receive a premium for your REL shares.
- (b) Minority shareholding consequences.
- (c) Possible delisting of REL.
- (d) Compulsory acquisition consequences.
- (e) Potential loss of key employees.

The likelihood of these risks eventuating increases as Pump Services' relevant interest in REL shares increases. Further details surrounding these risks is set out in section 4.2 of the Target's Statement.

Enquiries

Mr Michael Kenyon
Company Secretary
Resource Equipment Limited

ⁱ Section 649C of the Corporations Act 2001 provides that Pump Services may announce an extension of the offer period in the last 5 trading days of the offer period if: (i) another person lodges a bidder's statement with ASIC; (ii) another person announces a bid for REL shares; (iii) another person makes offers under a takeover bid for REL shares; or (iv) consideration under another takeover offer for REL shares is increased.

ⁱⁱ REL's target statement dated 24 December 2014 as supplemented by first supplementary target's statement dated 8 January 2015 and a second supplementary target's statement dated 19 January 2015 (together, **Target's Statement**).