

18 December 2014

Recommended Unconditional Cash On-Market Takeover Offer

The Board of Resource Equipment Limited (ASX: RQL) (**Company** or **REL**) is pleased to announce it is unanimously recommending (in the absence of a superior proposal) a transaction under which Pump Services LLC, a limited liability company incorporated in Delaware, USA (**Pump Services**) (wholly-owned by Mr Walter Eugene (Loddie) Naymola, a substantial shareholder of the Company) will offer to acquire all the issued shares in REL at \$0.26 per share by means of an unconditional on-market takeover bid on the Australian Securities Exchange (**ASX**).

The all-cash offer values the entire issued share capital of REL at approximately \$115.5 million.

The REL Board unanimously recommends that REL shareholders accept Pump Service's cash offer in the absence of a superior proposal.

Reasons for the directors' recommendation will be set out in further detail in the Target's Statement to be prepared by REL and despatched to shareholders in due course, but include:

- the cash offer price of \$0.26 represents:
 - 86% premium to REL's closing price of \$0.14 on 16 December 2014, the last full trading day in REL's shares prior to this announcement; and
 - significant premium to the trading price of REL Shares over a range of time periods prior to the announcement date:

	Offer Price	REL Share price (as at close, 16 December 2014)	Offer premium
At announcement	\$0.26	\$0.14	86%
30 day VWAP	\$0.26	\$0.168	55%
60 day VWAP	\$0.26	\$0.158	64%
90 day VWAP	\$0.26	\$0.155	68%
180 day VWAP	\$0.26	\$0.151	72%

- the offer will provide certain cash value;
- you will be paid cash quickly ie 3 trading days after accepting the offer; and

TOUGH JOBS. SMART SOLUTIONS.

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- the liquidity of your REL shares is already low and may diminish further as a result of other REL shareholders accepting the cash offer.

Messrs Lucas and Hutchinson (non-executive directors of REL) have each advised REL and Pump Services that they will today accept Pump Service's cash offer in respect of all of their respective shareholdings in REL (which they hold or control). The remaining directors of REL have not yet made a decision whether to accept or procure the acceptance of Pump Service's offer for all REL Shares which they hold or control.

REL shareholders should be aware that upon acceptance of Pump Services cash offer they will not benefit if the offer price is subsequently increased, if a superior proposal is made by a third party or the price of REL shares on ASX trades above the offer price.

How to accept

Shareholders can only accept Pump Services' cash offer by selling their REL shares on-market on ASX through a stockbroker. REL shareholders who hold their shares in Issuer Sponsored Holdings will need to appoint a broker to sell their shares on ASX. Any brokerage charged by brokers acting for shareholders wishing to sell their REL shares will be the sole responsibility of those shareholders.

Bell Potter Securities Limited has been appointed by Pump Services as the on-market broker to acquire REL shares on the ASX on behalf of Pump Services.

Transaction Details

The Offer will be implemented by way of an on-market takeover offer under the Corporations Act and as a result is an unconditional offer. The cash offer is not subject to any conditions. The cash offer may be withdrawn in limited circumstances set out in sections 652B and 652C of the Corporations Act (this will not affect you if you have already accepted the cash offer before the time of withdrawal).

Timetable

The Pump Services Bidder's Statement will be released today and contains further information about the offer. The Bidder's Statement will be posted to REL shareholders shortly.

Bell Potter Securities Limited will be ready to stand in the market on ASX from the re-commencement of trading in REL shares which is expected to be later today (18 December 2014). Accepting shareholders will receive their sale proceeds on a T+3 basis, in accordance with the usual ASX Settlement Operating Rules for ASX trading.

The offer will close on 3 February 2015 unless otherwise extended.

REL will issue a Target's Statement to REL shareholders in due course as required under the *Corporations Act 2001 (Cth)*.

Financing

REL has been advised that Pump Services will finance this acquisition via a loan agreement from Mr Naymola. Mr Naymola will advance the loan utilising existing cash reserves.

Advisors

Gilbert + Tobin is acting as legal adviser to REL.

Further Information

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