

8 December 2020

Listings Compliance (Perth)
Australian Securities Exchange Limited
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

Dear Sir/Madam

Target's Statement

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we attach by way of service a copy of the target's statement dated 8 December 2020 (**Target's Statement**) prepared by Primero Group Limited ACN 149 964 045 (ASX: PGX) (**Primero**) in relation to the conditional off-market takeover offer by NRW Holdings Limited ACN 118 300 217 (ASX: NRW) (**NRW**) under Chapter 6 of the Corporations Act for all the fully paid ordinary shares in Primero.

The Target's Statement is being lodged today with the Australian Securities and Investments Commission and served on NRW.

Yours faithfully



Cameron Henry
Managing Director
Primero Group Limited



PRIMERO GROUP LIMITED
ACN 149 964 045

TARGET'S STATEMENT

**in relation to the takeover offer by NRW Holdings Limited ACN 118
300 217 to purchase all of your fully paid ordinary shares in
Primero Group Limited for \$0.275 cash and 0.106 NRW Shares per
Primero Share**

Your Directors unanimously recommend that you

ACCEPT

**the NRW Holdings Limited Offer, in the absence of a Superior
Proposal**

**This is an important document and requires your immediate attention. If you are in any doubt
as to how to deal with this document, you should consult your financial, legal, tax or other
professional adviser immediately.**



Legal Adviser



Financial Adviser

CONTENTS

LETTER FROM THE CHAIRMAN	1
IMPORTANT NOTICES	3
1 OVERVIEW	5
2 REASONS TO ACCEPT OR NOT ACCEPT THE NRW OFFER	6
3 FREQUENTLY ASKED QUESTIONS	11
4 YOUR CHOICES AS A PRIMERO SHAREHOLDER	16
5 RISKS OF NOT ACCEPTING THE NRW OFFER	17
6 INFORMATION ABOUT PRIMERO	22
7 INFORMATION ABOUT NRW	37
8 RISK FACTORS	41
9 KEY FEATURES OF THE NRW OFFER	51
10 ADDITIONAL INFORMATION	60
11 AUTHORISATION	71
12 GLOSSARY	72
CORPORATE DIRECTORY	77

LETTER FROM THE CHAIRMAN

Dear Primero Shareholder

On 24 November 2020, Primero announced that it had entered into a bid implementation agreement with NRW pursuant to which NRW agreed to make an offer to acquire all Primero Shares for consideration of \$0.275 cash plus 0.106 NRW Shares per Primero Share, to be effected by way of a conditional off-market takeover bid (**NRW Offer**). The Bidder's Statement from NRW was announced on 2 December 2020 and outlines the terms and conditions of the NRW Offer.

THE PRIMERO DIRECTORS' UNANIMOUS RECOMMENDATION

The Primero Directors have considered the NRW Offer and unanimously recommend that Primero Shareholders **ACCEPT** the NRW Offer, in the absence of a Superior Proposal.

Each Primero Director intends to accept the NRW Offer in respect of Primero Shares they own or control on the day that is 21 days after the date the NRW Offer opened being 23 December 2020 (in the absence of a Superior Proposal). The Primero Directors have also confirmed they intend to accept the NRW Offer in respect of any Primero Shares issued as a result of exercise of any Primero Options.¹ The Primero Directors collectively have a Relevant Interest in approximately 30.4% of the total number of Primero Shares on issue as the date of this Target's Statement.

KEY REASONS THE PRIMERO DIRECTORS UNANIMOUSLY RECOMMEND YOU ACCEPT THE NRW OFFER

In summary, the key reasons why the Primero Directors recommend you **ACCEPT** the NRW Offer, in the absence of a Superior Proposal, are as follows:

- the NRW Offer is compelling as it values Primero at approximately \$100 million² or \$0.55 per Primero Share based on NRW's closing share price on 23 November 2020. This represents a premium of:
 - 14.6% to the price of a Primero Share on the ASX at the close of trading on 23 November 2020, the day prior to the announcement of the NRW Offer;
 - 30.1% to the 30 trading day VWAP of Primero Shares³; and
 - 50.5% to the 60 trading day VWAP of Primero Shares²;
- the NRW Offer represents an opportunity for Primero Shareholders to realise a cash return on their investment in Primero whilst also providing them with the benefits of becoming shareholders in NRW, a financially secure company with diversified revenue streams and growth opportunities;
- Primero Shareholders accepting the NRW Offer will also benefit from the greater relative trading liquidity of NRW Shares and the potential to receive dividends;
- the NRW Offer allows Primero to avoid a potential significantly dilutive capital raising which, in the absence of the NRW Offer, is likely to be required in the short to medium term to fund working capital requirements, Primero's committed contractual order book for FY21/22 and to strengthen its balance sheet;
- the NRW Offer also avoids the need for Primero to refinance its debt facilities and, if the NRW Offer is unsuccessful, any renewal or extension of Primero's existing debt facilities will likely involve a substantial equity capital raising to cover (amongst others) Primero's additional working capital requirements and bank guarantee facilities and the eventual repayment of the additional debt facility made available to Primero by NRW via the NRW Loan (refer to Section 6.8 for further details);

¹ The Primero Directors have confirmed to Primero they intend to exercise any Primero Options held by them that vest prior to the close of the NRW Offer in accordance with their terms.

² Based on NRW's closing share price of \$2.59 on 23 November 2020 and Primero's issued capital on a fully diluted basis. The implied value of the NRW Offer will change with fluctuations in the NRW share price.

³ VWAP of Primero Shares has been calculated for the relevant period up to and including 23 November 2020. The implied value of the NRW Offer will change with fluctuations in the NRW Share price. Primero Shareholders can obtain up to date quotes on the price of NRW Shares and Primero Shares from their financial adviser, or from www.asx.com.au.

- accepting the NRW Offer may provide Primero Shareholders with the benefit of partial CGT roll-over relief;
- the trading price of Primero Shares may fall if the NRW Offer is unsuccessful;
- since the Bid Implementation Agreement was executed, Primero has not received a Superior Proposal from a third party; and
- if you choose not to accept the NRW Offer and remain a minority shareholder in Primero, there are certain risks in doing so.

Each of the above key reasons to **ACCEPT** the NRW Offer are detailed in section 2.1 and section 5 of this Target's Statement.

There may be reasons that you may choose not to accept the NRW Offer (such as you may disagree with the Primero Directors' unanimous recommendation, you may believe an ongoing investment in Primero as a stand-alone entity is more attractive or a Superior Proposal may materialise in the future). These reasons are detailed in Section 2.2.

TIMING AND FURTHER INFORMATION

The NRW Offer is scheduled to close at 7.00pm Sydney time on Friday, 22 January 2021, unless withdrawn or extended. To **ACCEPT** the NRW Offer, please refer to the acceptance instructions outlined in section 10.6 of the Bidder's Statement and in the acceptance form that accompanies the Bidder's Statement.

Further information in relation to the NRW Offer is detailed in this Target's Statement. This Target's Statement also includes risks associated with the NRW Offer and a continued investment in Primero which are outlined (non-exhaustively) in Section 8.

We urge you to read this Target's Statement and the Bidder's Statement carefully in full, and if required, to seek your own legal, financial, taxation or other professional advice. The Primero Directors encourage you to closely consider the merits of the NRW Offer as detailed in this Target's Statement and the Bidder's Statement.

NRW has established an offer information line to assist Primero Shareholders with queries about the Bidder's Statement and/or how to accept the NRW Offer. If you have any queries, you can call the offer information line on 1300 222 378 (toll free) (within Australia) or +61 1300 222 378 (normal charges apply) (outside of Australia).

Yours faithfully



Mr Mark Connelly

Non-Executive Chairman

IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 8 December 2020 and is given under section 633 of the Corporations Act by Primero Group Limited ACN 149 964 045 in response to the Bidder's Statement lodged by NRW Holdings Limited ACN 118 300 217 with ASIC and served on Primero on 2 December 2020.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are either defined in brackets when first used or are defined in the Glossary in Section 12.

References Sections

References to Sections are to the named Sections in this Target's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers take responsibility for the content of this Target's Statement.

No account of personal circumstances

This Target's Statement does not constitute financial product advice and has been prepared without reference to the individual investment objectives, financial situation, taxation position or particular needs of any Primero Shareholder or any other person. It is important that you read this Target's Statement before making any decision, including a decision on whether or not to accept the NRW Offer. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Primero Shareholders should consult their taxation adviser as to the applicable tax consequences of the NRW Offer. A summary of the Australian taxation considerations is detailed in Section 7 of the Bidder's Statement.

Forward looking statements

Certain statements in this Target's Statement relate to the future, including forward looking statements and information ("forward looking statements"). The forward-looking statements in this Target's Statement, are not based on historical facts, but rather reflect the current views and expectations of Primero concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, and future costs and financial performance of Primero or NRW are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of Primero or NRW, to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Primero or NRW will operate in the future, including the price of commodities, anticipated costs and ability to achieve goals. Certain important factors that could cause actual

results, performances or achievements to differ materially from those in the forward looking statements include, among others, customer risks, gold and other commodity price volatility, discrepancies between actual and estimated revenues or cost, being inaccurate or changing over time, project risks, contracting risks, dependence on key personnel, increased competition, contractual disputes, operating risks, environmental incident claims and industry accidents. Refer to Section 8 for a (non-exhaustive) discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

You should note that the historical performance of Primero or NRW is no assurance of its future financial performance. The forward-looking statements in this Target's Statement reflect views and expectations held only at the date of this Target's Statement. Primero believes that all forward-looking statements included in this Target's Statement have been made on a reasonable basis. However, none of Primero, its directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward-looking statements in this Target's Statement will actually occur. Primero Shareholders should therefore treat all forward-looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, Primero and the Primero Directors disclaim any obligation to revise or update, after the date of this Target's Statement, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures detailed in this Target's Statement, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Currency

All references in this Target's Statement to "\$", "A\$" "AUD" Australian dollars" are to Australian currency.

Notice to Foreign Shareholders

The release, publication and distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's

Statement had been prepared in accordance with law and regulations outside Australia.

Privacy and personal information

Primero has collected your information from the Primero Register for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and shareholdings of Primero Shareholders and the names of persons appointed to act as proxy, attorney or corporate representative of Primero Shareholders. Without this information, Primero would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of

Shareholders to be held in a public register. Personal information of the type described above may be disclosed to Primero, NRW and their registries, print and mail and other service providers, authorised securities brokers, Related Bodies Corporate of Primero and NRW, and may be required to be disclosed to regulators, such as ASIC. Primero Shareholders have certain rights to access personal information that has been collected. Primero Shareholders should contact the Share Registry in the first instance, if they wish to access their personal information. Primero Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

1 OVERVIEW

1.1 Summary of the NRW Offer

NRW is offering to acquire all of your Primero Shares for \$0.275 cash plus 0.106 NRW Shares per Primero Share. The NRW Offer also extends to Primero Shares that are issued during the Offer Period as a result of the exercise of Primero Options. The NRW Offer is subject to various conditions, which are outlined in Section 9.3 and section 10.11 of the Bidder's Statement. Refer to the Bidder's Statement for full particulars of the NRW Offer.

1.2 Recommendation of the Primero Directors

Given the significant aggregate holdings of the executive Primero Directors (comprising approximately 30.3% of the Primero Shares on issue as at the date of this Target's Statement), an independent board committee, comprising the non-executive Primero Directors (**Independent Board Committee**), was formed to manage all matters in connection with, or ancillary to, the NRW Offer. The Independent Board Committee and the Primero Directors have carefully considered the NRW Offer and unanimously recommend that Primero Shareholders **ACCEPT** the NRW Offer, in the absence of a Superior Proposal.

This Target's Statement details the formal response of Primero to the NRW Offer, including the reasons why the Primero Directors unanimously recommend that you **ACCEPT** the NRW Offer, in the absence of a Superior Proposal. The key reasons for the recommendation are detailed in Section 2.1.

1.3 Intentions of the Primero Directors

Each of the Primero Directors intends to accept the NRW Offer in respect of any Primero Shares that they own or control, in the absence of a Superior Proposal. This also includes accepting the NRW Offer in respect of any Primero Shares issued as a result of exercise of any Primero Options (which the Primero Directors have also confirmed they intend to exercise should those Primero Options vest in accordance with their terms). As at the date of this Target's Statement, the Primero Directors own or control approximately 51.9 million Primero Shares representing approximately 30.4% of the issued Primero Shares. The interests of each Primero Director and the consideration they will receive are detailed in Section 10.2.

1.4 What to Do Next

To **ACCEPT** the NRW Offer, you must follow the instructions provided in section 10.6 of the Bidder's Statement and in the acceptance form that accompanies the Bidder's Statement. The NRW Offer closes at 7.00pm Sydney time on Friday, 22 January 2021, unless the Offer Period is extended, or the NRW Offer is otherwise withdrawn.

If you do not wish to accept the NRW Offer, you do not need to do anything and will remain a Primero Shareholder, unless NRW acquires 90.1% or more of all Primero Shares and your Primero Shares are compulsorily acquired (refer to Section 5.5 for further details).

1.5 Key Dates

Announcement Date	24 November 2020
Lodgement and dispatch of Bidder's Statement	2 December 2020
NRW Offer Opens	2 December 2020
Lodgement of Target's Statement	8 December 2020
NRW Offer Closes (unless extended or withdrawn*)	7.00pm (Sydney time) on 22 January 2021

* The NRW Offer may be extended to the extent permitted under the Bid Implementation Agreement and the Corporations Act.

2 REASONS TO ACCEPT THE NRW OFFER OR WHY YOU MAY WISH TO DECIDE NOT TO

Detailed below are the key reasons why the Primero Directors consider that you should accept the NRW Offer. Also detailed below is a summary of some of the reasons why you may decide not to accept the NRW Offer. You should read the entire Bidder's Statement and this Target's Statement before deciding whether or not to accept the NRW Offer. You should particularly consider the risk factors in Section 8, which apply to the information in this Section 2. The Primero Directors believe the reasons to accept the NRW Offer outweigh the reasons not to accept it.

2.1 Reasons to ACCEPT the NRW Offer

Primero Directors recommendation in the absence of a Superior Proposal	<p>The Primero Directors unanimously recommend that you ACCEPT the NRW Offer, in the absence of a Superior Proposal.</p> <p>The Primero Directors intend to accept the NRW Offer in respect of Primero Shares they own or control on the day that is 21 days after the date the NRW Offer opened being 23 December 2020 (again in the absence of a Superior Proposal).</p> <p>In making this recommendation, the Primero Directors have considered the advantages and disadvantages of the NRW Offer as well as all the other information contained in, and matters referred to in, this Target's Statement.</p>
NRW's Offer Consideration represents a premium to Primero's pre-announcement trading prices	<p>The NRW Offer values Primero at approximately \$100 million⁴ or \$0.55 per Primero Share. This represents a:</p> <ul style="list-style-type: none"> • 14.6% premium to Primero's closing share price of \$0.48 on 23 November 2020, the day prior to the Announcement Date; • 30.1% premium to the 30 trading day VWAP of Primero Shares of \$0.423⁵; and • 50.5% premium to the 60 trading day VWAP of Primero Shares of \$0.365⁵. <p>Since the Announcement Date, Primero's share price has traded from \$0.475 to \$0.575. As at 3 December 2020, the NRW Offer valued each Primero Share at \$0.586⁶. The implied value of the NRW Offer will continue to fluctuate with movements in the NRW Share price.</p>
The NRW Offer allows Primero to avoid the need for a potential significantly dilutive capital raising	<p>In the absence of the NRW Offer and having regard to, amongst other matters, the adjudication decision and ongoing litigation with Wartsila in respect to the Barker Inlet Power Station (refer to Section 6.13 for further details), Primero would need to undertake a substantial equity capital raising in the short to medium term to fund working capital requirements, its committed contractual order book for FY21/22 and strengthen its balance sheet. Such an equity capital raising has the potential to be significantly dilutive to Primero Shareholders.</p>
The NRW Offer avoids the need for Primero to refinance its	<p>Primero's existing banking and debt facilities are currently scheduled for renewal on 31 December 2020 and Primero is presently in discussions with NAB for an extension to 28 February 2021.</p>

⁴ Based on NRW's closing share price of \$2.59 on 23 November 2020 and Primero's issued capital on a fully diluted basis. The implied value of the NRW Offer will change with fluctuations in the NRW share price.

⁵ VWAP of Primero Shares has been calculated for the relevant period up to and including 23 November 2020. The implied value of the NRW Offer will change with fluctuations in the NRW Share price. Primero Shareholders can obtain up to date quotes on the price of NRW Shares and Primero Shares from their financial adviser, or from www.asx.com.au.

⁶ Based on the closing price of NRW shares on ASX on 3 December 2020 of \$2.93 per share.

debt facilities	<p>If the NRW Offer is unsuccessful, any renewal / extension of these existing facilities will likely involve the requirement to undertake a substantial equity capital raising to cover (amongst others) Primero's additional working capital and bank guarantee facilities. In addition, if utilised, the additional debt facility made available to Primero by NRW via the NRW Loan Facility (refer to Section 6.8(b) for further details) will also need to be refinanced, if the NRW Offer is unsuccessful.</p> <p>There can be no assurance that Primero will be able to refinance / renew these facilities, and even if it is able to do so, the terms of the new or revised facilities may be less favourable than those of Primero's existing facilities. Any such refinancing will likely involve a further or enlarged equity capital raising (refer above) which will likely be highly dilutive to existing Primero Shareholders.</p>
<p>You will realise a cash return on your investment and become a shareholder in a larger diversified company, receive the benefit of greater liquidity and the potential to receive dividends</p>	<p>NRW is an ASX listed company (ASX:NWH) (with a market capitalisation of approximately \$1.2 billion as at 3 December 2020) operating as a diversified provider of contract services to the resources and infrastructure sectors in Australia, with extensive operations in Western Australia, South Australia, New South Wales, Queensland, Northern Territory and Victoria. NRW has a history of growth and a strong balance sheet which will support the enlarged business of NRW upon completion of the NRW Offer. Refer to section 1 of the Bidder's Statement for further details on NRW and the "reasons why you should accept the offer" section of the Bidder's Statement for details on NRW's growth outlook and opportunities.</p> <p>By accepting the NRW Offer, in addition to receiving the cash component of the Offer Consideration, you will receive NRW Shares and will become a shareholder in NRW (unless you are a Foreign Shareholder).</p> <p>NRW Shares have a greater relative trading liquidity compared to Primero Shares. Refer to the "reasons why you should accept the offer" section of the Bidder's Statement for further details in respect to the historical monthly liquidity of NRW Shares in 2020.</p> <p>NRW has a track record of paying dividends. For instance, NRW declared a final fully-franked dividend of \$0.04 per NRW Share for the financial year ending on 30 June 2020, bringing the total dividend for the financial year to \$0.065 per NRW Share following an interim dividend paid in June 2020. Refer to section 2.4 of the Bidder's Statement for further details in respect to NRW's dividend history and policy.</p> <p>If NRW elects to pay dividends in the future, Primero Shareholders holding NRW Shares at any future dividend record date will be eligible to receive any future dividends paid by NRW.</p>
<p>Reduced exposure to Wartsila dispute</p>	<p>As detailed in Primero's ASX announcements, Primero is in dispute with Wartsila for the recovery of monies in respect to the Barker Inlet Power Station project that was completed in February 2020. Refer to Section 6.13 for further details.</p> <p>If the NRW Offer is successful, Primero Shareholders will, having regard to the financial position and market capitalisation of NRW, have reduced exposure to the uncertainty and any potential unfavourable outcome of the Wartsila proceedings.</p>
<p>No Superior</p>	<p>There is the potential for a proposal that is superior to the NRW Offer to</p>

<p>Proposal has emerged</p>	<p>emerge. However, as at the date of this Target's Statement, no Superior Proposal (nor any Competing Proposal) has emerged.</p> <p>Even if a Competing Proposal is received prior to the end of the Offer Period, the Primero Board will need to take certain steps in respect of that Competing Proposal, including together with its legal and financial advisers carefully considering the terms, conditions and merits of that proposal, inform NRW of receipt of that proposal and, in certain circumstances provide NRW with an opportunity to provide a matching or superior proposal to that proposal.</p>
<p>The trading price of Primero Shares may fall if the NRW Offer is unsuccessful</p>	<p>Since the Announcement Date, Primero Shares have traded at a level that reflects the implied value of the NRW Offer.</p> <p>If the NRW Offer is not successful and a Competing Proposal does not otherwise emerge at similar consideration, the Primero Share price may well decline and trade below the implied value of the NRW Offer.</p>
<p>Potential CGT roll-over</p>	<p>If you accept the NRW Offer, you may also be eligible for partial CGT roll-over relief if the disposal of your Primero Shares gives rise to a capital gain, provided that NRW gains acceptances for at least 80% of all Primero Shares (regardless of what form of consideration is accepted for these shares).</p> <p>Refer to section 7 of the Bidder's Statement in respect to a general outline of the Australian taxation implications.</p>
<p>There are risks to not accepting the NRW Offer</p>	<p>If you do not accept the NRW Offer, maintaining your investment in Primero may mean that you are exposed to the risks outlined below, depending on the outcome of the NRW Offer.</p> <p>Risks if the NRW Offer does not become or is not declared unconditional</p> <p>As stated above, if the NRW Offer does not become or is not declared unconditional, and no alternative proposal emerges, the Primero Share price may fall given the Offer Consideration is above the closing price of Primero Shares prior to the announcement of the NRW Offer.</p> <p>Further, Primero may be required to undertake a significant dilutive capital raising and will be required to refinance its existing debt facilities (refer to Section 5.1 for further details).</p> <p>Risks if NRW acquires a Relevant Interest in less than 50% of all Primero Shares and waives the 90.1% minimum acceptance condition</p> <p>Primero may be required to undertake a substantial capital raising to fund working capital requirements, its committed contractual order book for FY 21/22 and strengthen its balance sheet.</p> <p>In a situation where NRW acquires a Relevant Interest in less than 100% of all Primero Shares and if Primero undertakes an equity capital raising (for example by way of a pro rata offer of Primero Shares to Primero Shareholders) to raise additional funds, the equity raising will be dilutive to Primero Shareholders who do not participate in that capital raising. In the case of a pro rata equity raising, NRW may increase its Relevant Interest in Primero Shares without Primero Shareholder approval or making a takeover bid, as a result of taking up its full</p>

	<p>entitlement (assuming any available shortfall is not fully allocated) or any agreed underwriting arrangements to which it is a party (subject to applicable law).</p> <p>Risks if NRW acquires a Relevant Interest in 50% or more of all Primero Shares and waives the 90.1% minimum acceptance condition</p> <p>If NRW acquires a Relevant Interest of 50.1% or more of Primero Shares (on a fully diluted basis) and the NRW Offer has become or is declared unconditional, NRW will also be in a position to control the composition of the Primero Board and appoint directors nominated by NRW to the Primero Board.</p> <p>Primero may be required to undertake a substantial capital raising to fund working capital requirements, its committed contractual order book for FY 21/22 and strengthen its balance sheet. Refer to Section 5.3 for further details.</p> <p>Risk if NRW acquires a Relevant Interest in 75% or more of all Primero Shares and waives the 90.1% minimum acceptance condition</p> <p>If NRW acquires a Relevant Interest in 75% or more of all Primero Shares, it will be able to determine alone the outcome of a special resolution (in respect of which it is entitled to vote). This would enable it to pass resolutions, for example, to amend Primero's constitution. Further, NRW may seek to remove Primero from the official list of ASX. Refer to Section 5.4 for further details.</p> <p>Risk if NRW acquires a Relevant Interest in 90.1% or more of all Primero Shares</p> <p>If NRW acquires a Relevant Interest in 90.1% or more of all Primero Shares and the compulsory acquisition provisions of the Corporations Act are satisfied, NRW intends to compulsorily acquire the Primero Shares that it does not already own. Even if NRW does not become entitled to compulsorily acquire Primero Shares during the Offer Period, it may become entitled to do so under the Corporations Act after completion of the Offer Period (and minority shareholders may have rights to compel NRW to acquire Primero Shares if the compulsory buy-out provisions of the Corporations Act are triggered). If you choose not to accept the NRW Offer and NRW subsequently exercises compulsory acquisition rights, you are likely to be paid later than other Primero Shareholders who accept the NRW Offer.</p> <p>Refer to Section 5 for details regarding specific risks of not accepting the NRW Offer depending on the outcome of the NRW Offer, and protections for minority shareholders.</p>
--	---

2.2 Reasons why you may wish to NOT ACCEPT the NRW Offer

You may disagree with the Primero Directors' unanimous recommendation	Primero Shareholders may not agree with the Primero Directors' unanimous recommendation to accept the NRW Offer. Primero Shareholders are not obliged to follow the Primero Directors' recommendation.
--	--

<p>You may believe there is an opportunity for increased value from Primero remaining as a stand-alone entity</p>	<p>You may believe that Primero Shareholders will have the opportunity for greater returns over the long term if Primero remains as a stand-alone entity, including for the following reasons:</p> <ul style="list-style-type: none"> • a belief that Primero, the Primero Directors and management have the potential to realise more value from Primero's operations as a stand-alone entity; and • a willingness to invest and a belief that Primero has the ability to secure substantial capital to allow Primero to continue its operations and further develop its strategy.
<p>A Superior Proposal for Primero, if it were to continue as a stand-alone entity, may materialise in the future</p>	<p>At the date of this Target's Statement, no Superior Proposal for Primero has emerged. It is possible that, if Primero were to continue as a stand-alone entity, a Superior Proposal for Primero which is more attractive for Primero Shareholders than the NRW Offer may materialise in the future.</p>
<p>The potential tax consequences of the NRW Offer may not suit your current financial position or tax circumstances</p>	<p>Acceptance of the NRW Offer may have potential tax consequences for Primero Shareholders, which may not suit your current financial position or tax circumstances. A general outline of the Australian tax implications of accepting the NRW Offer is detailed in Section 7 of the Bidder's Statement.</p> <p>You should not rely on that general outline as advice on your own affairs. It does not deal with the taxation position of particular Primero Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the NRW Offer.</p>

3 FREQUENTLY ASKED QUESTIONS

The following table provides brief answers to questions you may have in relation to the NRW Offer but must be read in conjunction with the more detailed information included in this Target's Statement and the Bidder's Statement. You are urged to read the Bidder's Statement and this Target's Statement in their entirety.

QUESTION	ANSWER
Who is the bidder?	NRW Holdings Limited. Refer to section 1 of the Bidder's Statement and Section 7 for information on NRW.
What is the NRW Offer for my Primero Shares?	<p>NRW has made an off-market offer to acquire each of your Primero Shares for consideration of \$0.275 in cash plus 0.106 NRW Shares per Primero Share.</p> <p>The NRW Offer also extends to Primero Shares that are issued during the Offer Period as a result of the exercise of Primero Options.</p>
What is the Bidder's Statement?	<p>The Bidder's Statement is the document prepared by NRW which outlines the terms of the NRW Offer. NRW lodged its Bidder's Statement with ASIC on 2 December 2020 and has sent it to all Primero Shareholders as at the date specified in the Bidder's Statement.</p> <p>If you have not received a copy of the Bidder's Statement or have misplaced it, you are encouraged to call the NRW Offer information line on 1300 222 378 (toll free) (within Australia) or +61 1300 222 378 (normal charges apply) (outside of Australia).</p>
What is the Target's Statement?	This Target's Statement is Primero's formal response to the NRW Offer, as required by the Corporations Act. Accordingly, this document has been prepared by Primero and contains important information to help you decide whether to accept the NRW Offer.
What choices do I have as a Primero Shareholder?	<p>As a Primero Shareholder you can either:</p> <ul style="list-style-type: none"> • ACCEPT the NRW Offer. The Primero Directors recommend that you accept the NRW Offer, in the absence of a Superior Proposal; • sell some or all of your Primero Shares on ASX (which may be at a higher or lower price than the Offer Consideration), unless you have previously accepted the Offer and you have not validly withdrawn your acceptance, and accept the NRW Offer in respect of any remaining Primero Shares; or • not accept the NRW Offer by doing nothing.
What is the Independent Board Committee	<p>The Independent Board Committee is a committee comprising the non-executive Primero Directors formed by Primero.</p> <p>Given the significant aggregate holdings of the executive Primero Directors (comprising approximately 30.3% of the Primero Shares on issue as at the date of this Target's Statement), the Independent Board Committee was formed to manage all matters in connection with, or ancillary to, the NRW Offer.</p>
What are the Primero Directors recommending?	The Independent Board Committee and the Primero Directors unanimously recommend that you ACCEPT the NRW Offer, in the absence of a Superior Proposal. The reasons for the Primero Directors' recommendation are detailed in Section 2.1. If there is a change in this

QUESTION	ANSWER
	recommendation or any material development in relation to the NRW Offer, Primero will keep you informed.
What do the Primero Directors intend to do with their Primero Shares?	As at the date of this Target's Statement, each Primero Director has confirmed that he or she intends to accept the NRW Offer in respect of all Primero Shares they own and control no earlier than 21 days after the date the NRW Offer opens, in the absence of a Superior Proposal. This also includes accepting the NRW Offer in respect of any Primero Shares issued as a result of exercise of any Primero Options (which those Primero Directors have confirmed they intend to exercise should those Primero Options vest in accordance with their terms).
What are the Primero Directors' interests?	The consideration and cash payments to be received by each Primero Director under, or in connection with, the NRW Offer (assuming the exercise of all of the Primero Options) are detailed in Section 10.2(a).
How do I accept the NRW Offer?	To accept the NRW Offer, you should carefully follow the instructions in section 10.6 of the Bidder's Statement.
How long will the NRW Offer be open for acceptance?	<p>The NRW Offer is scheduled to close at 7.00pm Sydney time on Friday, 22 January 2021 as specified in the Bidder's Statement, unless it is extended or withdrawn in accordance with the Corporations Act.</p> <p>Refer to Section 9.8 for details of the circumstances in which the Offer Period can be extended.</p>
Can the NRW Offer be varied?	NRW may vary the NRW Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Consideration, provided the varied terms and conditions are not less favourable to Primero Shareholders than the NRW Offer. If NRW varies the NRW Offer in any of those ways, it must give written notice to ASIC and Primero and send you a copy of that notice (provided, however, that NRW will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the NRW Offer, the NRW Offer is unconditional and the variation merely extends the Offer Period).
What happens if a Superior Proposal is made by a third party?	If a Superior Proposal is made by a third party, Primero Shareholders who have already accepted the NRW Offer at such time will not receive the benefit of the Superior Proposal made by the third party, unless the NRW Offer lapses (as described in Section 9.6) in sufficient time for you to accept the Superior Proposal. As at the date of this Target's Statement, the Primero Directors have not received a Superior Proposal.
Is the NRW Offer conditional?	<p>The NRW Offer is subject to a number of conditions which are detailed in Section 9.3, including (in summary):</p> <ul style="list-style-type: none"> • at the end of the Offer Period NRW having a Relevant Interest in at least 90.1% of Primero Shares (on a fully diluted basis); • all applicable approvals being obtained and no adverse regulatory action restraining, prohibiting or impeding, or materially impacting upon, the making of the NRW Offer; • no material adverse change in relation to Primero; • no material acquisitions or disposals in relation to Primero; • no breach of warranties or representations by Primero contained in the Bid Implementation Agreement; and • no prescribed occurrence in relation to Primero or its

QUESTION	ANSWER
	<p>subsidiaries prior to the end of the Offer Period.</p> <p>Refer to section 10.11 of the Bidder's Statement and Section 9.3 for further details regarding the Offer Conditions.</p>
What are the consequences of accepting the NRW Offer now, while it remains conditional?	If you accept the NRW Offer now, unless withdrawal rights are available (see below), you will give up your right to sell your Primero Shares or otherwise deal with your Primero Shares while the NRW Offer remains open. If Primero Shares trade above the Offer Consideration you will have lost your ability to sell your Primero Shares on ASX at that higher price.
If I accept the NRW Offer now, can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the NRW Offer, NRW varies the NRW Offer in a way that postpones, for more than one month, the time that NRW has to meet its obligations under the NRW Offer.
When will I receive the Offer Consideration if I accept the NRW Offer?	<p>If you accept the NRW Offer and the NRW Offer is, or becomes, unconditional, you will be paid on the earlier of:</p> <ul style="list-style-type: none"> • one month after you accept the NRW Offer, or if the NRW Offer is subject to a defeating condition when you accept the NRW Offer, within one month after the NRW Offer becomes unconditional; and • 21 days after the end of the Offer Period. <p>Refer to section 10.9 of the Bidder's Statement for further details.</p>
What is the offer in respect of Primero Options?	<p>NRW is not making a separate takeover offer to holders of Primero Options. However, Primero Optionholders whose Primero Options are exercised during the Offer Period will be able to accept the NRW Offer in respect of the Primero Shares they are issued.</p> <p>In addition, if before the end of the Offer Period and conditional upon NRW becoming entitled to compulsorily acquire all Primero Shares, the NRW Offer becomes unconditional and all required regulatory waivers or approvals are granted, NRW will make Primero Options Offers to each remaining holder of Primero Options in a form approved by NRW to cancel each of their Primero Options. The consideration payable for any cancellation will, for those Primero Options issued under Primero's Employee Incentive Plan, be equal to the consideration payable under the NRW Offer. For the Other Option Holders, the offer for their Primero Options will be a cash payment equal to a Black-Scholes option valuation.</p>
What if you are a Foreign Shareholder?	Foreign Shareholders that accept the NRW Offer will not receive new NRW Shares. Instead, in addition to the cash component of the Offer Consideration, Foreign Shareholders will be paid the net proceeds of the sale by the Sale Nominee of those NRW Shares that Foreign Shareholders would otherwise have been entitled to in respect of the NRW Offer calculated in accordance with the formula in section 10.10 of the Bidder's Statement.
Will I pay stamp duty or brokerage if I	No Brokerage or stamp duty will be payable by you in respect of your acceptance of the NRW Offer.

QUESTION	ANSWER
accept the NRW Offer?	If your Primero Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Primero Shares are registered in the name of a broker, bank custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the NRW Offer.
What are the consequences of the NRW Offer becoming unconditional?	If you accept the NRW Offer and the NRW Offer becomes unconditional, you will be entitled to receive \$0.275 cash plus 0.106 NRW Shares for each Primero Share you hold.
What happens if I do nothing?	You will remain a Primero Shareholder. If NRW acquires a Relevant Interest in 90.1% or more of Primero Shares and the NRW Offer becomes unconditional, NRW intends to compulsorily acquire the remaining Primero Shares. If NRW acquires between 50% and 90% of Primero Shares and the NRW Offer becomes unconditional, you will remain a minority shareholder and Primero will then be controlled by NRW. Refer to section 6 of the Bidder's Statement for details in relation to NRW's intentions in relation to Primero.
What if I want to sell my Primero Shares on ASX?	<p>During the Offer Period, you may sell some or all of your Primero Shares on ASX for cash provided you have not accepted the NRW Offer. Before doing so, you should consider the implications of this course of action, including that you would not receive the benefit of any increase in the Offer Consideration that may emerge. You will also forfeit the ability to accept any superior proposal that may emerge. If you sell your Primero Shares on ASX, you may incur a brokerage charge.</p> <p>It is important to note that if you accept the NRW Offer now, unless withdrawal rights are available (see below), you will give up your right to sell your Primero Shares or otherwise deal with your Primero Shares while the NRW Offer remains open.</p>
Can I be forced to sell my Primero Shares?	You cannot be forced to sell your Primero Shares unless NRW acquires a Relevant Interest in at least 90.1% of all the Primero Shares by the end of the Offer Period, becomes eligible to compulsorily acquire your Primero Shares and proceeds with that compulsory acquisition. If NRW proceeds to compulsory acquisition, you will be provided the last Offer Consideration offered by NRW for the Primero Shares before the end of the Offer Period.
Does this Target's Statement contain an independent expert's report?	<p>No, this Target's Statement does not contain an independent expert's report. An independent expert's report is only required to be included in a target's statement where the bidder's voting power in the target is 30% or more, or if a director of the target company is a bidder or a director of the bidder company. This requirement does not apply to the NRW Offer.</p> <p>In addition, the Primero Directors do not consider that an independent expert's report is necessary for the following non-exhaustive reasons:</p> <ul style="list-style-type: none"> the information in this Target's Statement, the Bidder's Statement and publicly available information is sufficient for Primero Shareholders to determine whether or not to accept the NRW Offer; NRW status as an ASX listed company whose shares have traded on ASX since 5 September 2007 and the available

QUESTION	ANSWER
	<p>market value of both Primero Shares and NRW Shares on ASX provides a transparent and reasonable basis for assessing the merits of the NRW Offer and NRW's prospects generally; and</p> <ul style="list-style-type: none"> the cost of obtaining an independent expert's report would be substantial and the time to prepare the independent expert's report could potentially delay the completion of the NRW Offer.
What happens if the Offer Conditions are not satisfied or waived?	<p>If the Offer Conditions are not satisfied or waived by the end of the Offer Period, the NRW Offer will lapse and acceptances will be void.</p> <p>If the NRW Offer lapses, you will then be free to deal with your Primero Shares even if you had accepted the NRW Offer.</p>
What are the tax implications of accepting the NRW Offer?	<p>Refer to section 7 of the Bidder's Statement in respect to the potential Australian tax implications of the NRW Offer. Tax implications for accepting the NRW Offer for your Primero Shares will vary for each individual and you are advised to consult your financial, tax or other professional adviser on the tax implications of acceptance.</p> <p>You should not rely on that general outline as advice on your own affairs. It does not deal with the taxation position of particular Primero Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the NRW Offer.</p>
Is there a number I can call if I have further queries in relation to the NRW Offer?	<p>NRW has established an offer information line to assist Primero Shareholders with queries about the Bidder's Statement or how to accept the NRW Offer. If you have any queries, you can call the offer information line on 1300 222 378 (toll free) (within Australia) or +61 1300 222 378 (normal charges apply) (outside of Australia).</p>

4 YOUR CHOICES AS A PRIMERO SHAREHOLDER

The Primero Directors unanimously recommend that Primero Shareholders **ACCEPT** the NRW Offer, in the absence of a Superior Proposal. However, as a Primero Shareholder, you have the following choices available to you:

4.1 Accept the NRW Offer

To accept the NRW Offer, follow the instructions detailed in section 10.6 of the Bidder's Statement and on the acceptance form accompanying the Bidder's Statement. Details of the consideration you will receive are outlined in Section 9.1 of this Target's Statement and in section 10.9 of the Bidder's Statement. You will only receive the Offer Consideration if the Offer Conditions are either satisfied or waived. The NRW Offer is subject to a number of conditions. Refer to section 10.11 of the Bidder's Statement for full details of the conditions of the NRW Offer.

The consequences of accepting the NRW Offer are discussed in Section 9.10 and in section 10 of the Bidder's Statement (refer particularly to section 10.8 of the Bidder's Statement). If you accept the NRW Offer, you will not be able to sell your Primero Shares on market unless you have the right to withdraw your acceptance and you have exercised that right. The circumstances in which acceptances of the NRW Offer may be withdrawn are detailed in section 10.16 of the Bidder's Statement.

If you accept the NRW Offer, you may be liable for capital gains tax or income taxes as a result of your acceptance. An overview of the taxation consequences for Primero Shareholders of accepting the NRW Offer is provided in Section 7 of the Bidder's Statement. Primero encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Primero Shares.

4.2 Sell some or all of your Primero Shares on-market

During the Offer Period, if you have not accepted the NRW Offer, you can sell some or all of your Primero Shares on-market. If you choose to sell, settlement will occur on a normal "T+2" basis and the purchaser of those Primero Shares may accept the NRW Offer in respect of those Primero Shares. There is no guarantee of the price at which the Primero Shares will trade from time to time, whether before or after the end of the Offer Period. The latest price for the Primero Shares may be obtained from the ASX website <http://www.asx.com.au> (ASX: PGX). If you sell any of your Primero Shares you:

- (a) will lose the ability to accept the NRW Offer in relation to those Primero Shares (or any other offer for Primero Shares which may eventuate);
- (b) will not receive any NRW Shares in relation to those Primero Shares so will not share in the benefits that may bring (as part of the Offer Consideration is NRW Shares); and
- (c) may incur a brokerage charge.

Primero Shareholders who wish to sell their Primero Shares on market should contact their broker for information on how to effect the sale. You should seek your own personal advice regarding the taxation consequences for you of selling the Primero Shares on ASX.

4.3 Do nothing and retain all your Primero Shares

You can choose not to accept the NRW Offer by simply doing nothing. If you do not accept the NRW Offer, you will retain all of your Primero Shares unless they are compulsorily acquired in accordance with the Corporations Act. However, you should note that the Primero Directors' recommendation is that you **ACCEPT** the NRW Offer, in the absence of a Superior Proposal. You should note that if you choose not to accept the NRW Offer, you may be exposed to a number of risks which have been outlined non-exhaustively in Sections 5 and 8.

5 RISKS OF NOT ACCEPTING THE NRW OFFER

NRW's intentions for Primero are detailed in section 6 of the Bidder's Statement, but those intentions may change, particularly as a result of any strategic review which NRW may undertake. Changes to the business which are implemented or failed to be implemented by NRW may mean that you may subsequently choose to dispose of your Primero Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.

If you do not accept the NRW Offer, maintaining your investment in Primero may mean that you are exposed to the risks outlined below, depending on the outcome of the NRW Offer. The risks presented in this Section are not designed to be an exhaustive list, but to highlight some of the key potential risks of not accepting the NRW Offer.

5.1 Risks if the NRW Offer does not become or is not declared unconditional

(a) Primero's share price may fall

If the NRW Offer does not become or is not declared unconditional, and no alternative proposal emerges, the Primero Share price may fall given the Offer Consideration is above the closing price of Primero Shares prior to the announcement of the NRW Offer.

(b) Primero may be required to undertake a significantly dilutive capital raising

In the absence of the NRW Offer and having regard to, amongst other matters, the adjudication decision and ongoing litigation with Wartsila in respect to the Barker Inlet Power Station, Primero would need to undertake a substantial equity capital raising to fund working capital requirements, its committed contractual order book for FY21/22 and strengthen its balance sheet. Such an equity capital raising has the potential to be significantly dilutive to Primero Shareholders.

(c) Primero will be required to refinance its existing debt facilities

Primero's existing banking and debt facilities are currently scheduled for renewal on 31 December 2020 and Primero is presently in discussions with NAB for an extension to 28 February 2021. If the NRW Offer is unsuccessful, any renewal / extension of these existing facilities will likely involve the requirement to undertake a substantial equity capital raising to cover (amongst others) Primero's additional working capital and bank guarantee facilities. In addition, if utilised, the additional debt facility made available to Primero by NRW via the NRW Loan Facility (refer to Section 6.8(b) for further details) will also need to be refinanced, if the NRW Offer is unsuccessful. There can be no assurance that Primero will be able to refinance / renew these facilities, and even if it is able to do so, the terms of the new or revised facilities may be less favourable than those of Primero's existing facilities. Any such refinancing will likely involve a further or enlarged equity capital raising (refer above) which will likely be highly dilutive to existing Primero Shareholders.

5.2 Risks if NRW acquires a Relevant Interest in less than 50% of all Primero Shares and waives the 90.1% minimum acceptance condition

Primero may be required to undertake a substantial capital raising to:

- (a) having regard to Sections 5.1(b) above, fund working capital requirements, its committed contractual order book for FY 21/22 and strengthen its balance sheet; and
- (b) having regard to Section 5.1(c) above, in respect to the refinancing of its existing debt facilities.

In the situation where NRW acquires a Relevant Interest in less than 100% of all Primero Shares and if Primero undertakes an equity capital raising (for example by way of a pro rata offer of Primero Shares to Primero Shareholders) to raise additional funds, the equity raising

will be dilutive to Primero Shareholders who do not participate in that capital raising. In the case of a pro rata equity raising, NRW may increase its Relevant Interest in Primero Shares without Primero Shareholder approval or making a takeover bid, as a result of taking up its full entitlement (assuming any available shortfall is not fully allocated) or any agreed underwriting arrangements to which it is a party (subject to applicable law).

5.3 Risks if NRW acquires a Relevant Interest in 50% or more of all Primero Shares and waives the 90.1% minimum acceptance condition

(a) Potential changes to Primero's Board

If NRW acquires a Relevant Interest of 50.1% or more of Primero Shares (on a fully diluted basis) and the NRW Offer has become or is declared unconditional, the Bid Implementation Agreement provides that Primero will use its best endeavours to procure the resignation, and the appointment, of directors to the Primero Board designated by NRW such that a majority of the Primero Directors are directors nominated by NRW. Further, NRW will be in a position to control the composition of the Primero Board and appoint directors nominated by NRW to the Primero Board.

(b) Potential changes to Primero's strategic direction

If NRW increases its shareholding in Primero as a result of the NRW Offer, it may be in a position to influence the strategic direction of the business of Primero, including by exercising increased Voting Power at general meetings and (subject to applicable laws) to the extent of NRW's representation on the Primero Board from time to time.

(c) Potential reliance on one or a small number of Primero Shareholder(s) to support Primero's potential equity raising in the future

An equity raising will be required for Primero to fund working capital requirements, its committed contractual order book for FY 21/22 and strengthen its balance sheet. In the situation where NRW acquires a Relevant Interest in less than 100% of all Primero Shares and if Primero undertakes an equity capital raising (for example by way of a pro rata offer of Primero Shares to Primero Shareholders) to raise additional funds, the equity raising will be dilutive to Primero Shareholders who do not participate in that capital raising. In the case of a pro rata equity raising, NRW may increase its Relevant Interest in Primero Shares without Primero Shareholder approval or making a takeover bid, as a result of taking up its full entitlement (assuming any available shortfall is not fully allocated) or any agreed underwriting arrangements to which it is a party (subject to applicable law).

(d) NRW will be able to determine the outcome of ordinary resolutions

NRW will be in a position to cast the votes required to determine alone the outcome of an ordinary resolution (in respect of which it is entitled to vote), and will be in a position to control the composition of the Primero Board. Refer to Section 5.8 for details regarding minority shareholder protections.

5.4 Risk if NRW acquires a Relevant Interest in 75% or more of all Primero Shares and waives the 90.1% minimum acceptance condition

(a) Primero may be removed from the official list of ASX

NRW may wish to procure that Primero is removed from the official list of ASX (if it becomes entitled to do so). Please refer to section 6.3 of the Bidder's Statement. If Primero is removed from the official list of ASX it may adversely impact your ability to sell your Primero Shares, the price at which you can sell your Primero Shares, and the level of relevant Primero information you are able to access.

ASX guidance indicates that ASX would not usually require NRW to obtain Primero Shareholder approval for Primero's removal from the official list of ASX in the context of a successful takeover where the usual conditions are satisfied, which include that:

- (i) NRW and its Related Bodies Corporate own or control at least 75% of Primero Shares but have not met the conditions to proceed to compulsory acquisition of the remaining securities under the Corporations Act;
- (ii) there are fewer than 150 holders of Primero Shares having holdings with a value of at least \$500, excluding NRW and its Related Bodies Corporate;
- (iii) NRW foreshadowed in its Bidder's Statement that it intended, if it secured control of Primero, to cause Primero to apply for removal from the official list;
- (iv) the NRW Offer remains open for at least two weeks following NRW and its Related Bodies Corporate having attained ownership or control of at least 75% of the Primero's ordinary securities; and
- (v) Primero applies for removal from the official list no later than one month after the close of the NRW Offer.

In the event the above conditions are not met, NRW may still request ASX remove Primero from the official list of ASX. ASX's guidance indicates that ASX's decision to act on NRW's request will usually be subject to the satisfaction of certain conditions (including the approval of Primero Shareholders to the removal by way of a special resolution – which NRW can pass) directed to ensuring that the interests of remaining Primero Shareholders are not unduly prejudiced by the removal and that trading in Primero Shares takes place in an orderly manner up to the date of its removal.

ASX guidance indicates that all holders of Primero Shares (including, for the avoidance of doubt, those with a 75%+ security holding who can secure the passage of a special resolution by their own vote – which includes NRW), will generally be permitted to vote on the special resolution approving an entity's removal from the official list, except in the following five cases:

- (i) where ASX is concerned that the removal may be intended, in part, to avoid the application of the Listing Rules to a particular transaction or situation that would otherwise require the approval of security holders and that would otherwise attract a voting exclusion – in which case, ASX may impose an equivalent voting exclusion on the removal resolution;
- (ii) where ASX is concerned that the removal will have the effect that the entity will no longer be subject to the disclosure obligations the entity would otherwise have under the Listing Rules and Corporations Act – in which case, ASX may impose a voting exclusion on any party whom ASX considers will have a material informational advantage over other security holders as a result of those disclosure obligations no longer applying to the entity, and their associates;
- (iii) where ASX is concerned that a security holder or their associates are likely to obtain some other material advantage or benefit from the entity no longer being listed on ASX that is or may not be available to other security holders generally – in which case, ASX may impose a voting exclusion on that security holder and their associates;
- (iv) where the entity has been the subject of a takeover bid in the preceding 12 months and, in ASX's opinion, the bidder and its associates have attained effective control of the entity without satisfying the conditions mentioned in the first five paragraphs (i) to (v) in this Section 5.4(a) for ASX to agree to its removal without the approval of security holders – in which case, ASX will require the removal to be approved by the entity's security holders and will also impose a voting exclusion on the bidder and its associates; or
- (v) where ASX otherwise considers it appropriate in any specific case to impose a voting exclusion on a resolution approving an entity's removal from the official list.

(b) **NRW will be able to determine the outcome of special resolutions**

NRW will be in a position to cast the votes required to determine alone the outcome of a special resolution (in respect of which it is entitled to vote) at a meeting of Primero Shareholders. This would enable it to pass resolutions, for example, to amend Primero's constitution, giving NRW significant power to control the operations and strategy of Primero.

For NRW's entitlement to achieve the above intention, refer to the details regarding minority shareholder protections in Section 5.8.

5.5 Risk if NRW acquires a Relevant Interest in 90.1% or more of all Primero Shares

If NRW acquires 90.1% or more of all Primero Shares and the compulsory acquisition provisions of the Corporations Act are satisfied, NRW will be entitled to compulsorily acquire the Primero Shares that it does not already own.

In the Bidder's Statement, NRW has stated that it intends to proceed with compulsory acquisition of all remaining Primero Shares, if it becomes entitled to do so.

If you choose not to accept the NRW Offer and NRW subsequently exercises compulsory acquisition rights, you are likely to be paid later than other Primero Shareholders who accept the NRW Offer.

Under the terms of the Bid Implementation Agreement (amongst other matters):

- (a) conditional upon NRW becoming entitled to compulsorily acquire all Primero Shares and the NRW Offer becomes unconditional, NRW will make Primero Options Offers to each remaining holder of Primero Options in a form approved by NRW to cancel each of their Primero Options. The consideration payable for any cancellation will, for those Primero Options issued under Primero's existing employee incentive schemes, be equal to the consideration payable under the NRW Offer; and
- (b) if NRW acquires a Relevant Interest of 90.1% or more of Primero Shares (on a fully diluted basis) and the NRW Offer has become or is declared unconditional, Primero must use reasonable endeavours to procure that each Primero Director designated by NRW resigns and cause the appointment to the Primero Board of such persons nominated by NRW.

5.6 Risks relating to NRW's Proposed General Strategic Review

Should NRW acquire a Relevant Interest of 90% or more of the Primero Shares it has stated that it intends to undertake a general strategic review of Primero. In section 6 of the Bidder's Statement NRW states it intends to conduct an immediate, broad based review of Primero's operations on both a strategic and financial level to determine mechanisms for improving performance and realise any potential operational and financial synergies.

The outcome of NRW's general strategic review is difficult to predict with certainty at this stage. NRW may not be able to achieve outcomes either at all or without the approval of Primero Shareholders in general meeting. As such, there is uncertainty in relation to the future of the Primero business.

The Bidder's Statement states the detailed outcome of the review is not able to be determined at this stage, although NRW intends to (amongst other matters):

- (a) preserve and grow the existing business of Primero;
- (b) identify opportunities to integrate the Primero with the minerals, energy and technologies division operated by NRW;
- (c) make the technical, commercial and managerial skills of the NRW available for the benefit of Primero; and

- (d) continue to employ Primero's present employees who are still employees at the end of the Offer Period or who have not given notice of resignation before the end of the Offer Period.

Any changes to the business which are implemented by NRW may mean that you may subsequently choose to dispose of your Primero Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.

5.7 Reduced Liquidity of Primero Shares

As NRW increases its Primero shareholding, it will reduce the number of Primero Shares that can be expected to be available for trading on ASX. This is likely to significantly reduce the liquidity of Primero Shares, and may adversely affect the price at which they might otherwise be expected to trade.

5.8 Minority Shareholder Protections

In the event that NRW has a Relevant Interest in less than 100% of all Primero Shares, the implementation of NRW's intentions as outlined in section 6 of the Bidder's Statement will be subject to:

- (a) the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders);
- (b) Primero's constitution and the statutory and fiduciary obligations of the Primero Directors at that time to act in the best interests of Primero and all Primero Shareholders;
- (c) statutory and Listing Rules protection regulating minority shareholder rights, unless delisted; and
- (d) statutory protection against oppression.

As a result of these protections, NRW and its associates may be excluded from voting on certain resolutions in general meeting, and any directors which NRW nominates to the Primero Board may potentially be precluded from voting at Primero Board meetings in certain circumstances. Where a minority shareholder maintains a "blocking stake" or substantial holding in Primero which provides them with a significant proportion of the Primero Shares which are not held by NRW and its associates, that shareholder may have the ability to determine the outcome of any such resolutions put to Primero Shareholders in general meetings, where NRW will be excluded from voting.

For example, if NRW waives the 90.1% minimum acceptance condition and acquires a Relevant Interest in more than 50% but less than 100% of all Primero Shares and a transaction is proposed between NRW and Primero, since NRW is considered a 'related party' of Primero in this scenario, the transaction may be subject to the prior approval of Primero Shareholders in general meeting (with NRW precluded from voting on the relevant resolution, and other regulatory requirements to be complied with).

Please refer to Section 5.4 for information regarding minority protections arising from ASX's guidance regarding the removal of Primero from ASX's official list, in the event that NRW acquires a Relevant Interest in 75% or more of all Primero Shares and waives the 90.1% minimum acceptance condition.

6 INFORMATION ABOUT PRIMERO

6.1 Overview of Primero

Primero is an engineering contracting company specialising in providing engineering design and construction services to the minerals, energy and infrastructure sectors. Primero was admitted to the official list of the ASX on 6 July 2018.

Primero is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. See Section 6.14 for further information.

6.2 The Primero Directors

At the date of this Target's Statement, the Directors are:

- (a) Cameron Henry – Managing Director;
- (b) Dean Ercegovic – Executive Director;
- (c) Brett Grosvenor – Executive Director;
- (d) Mark Connelly – Non-Executive Chairman;
- (e) Kristie Young – Non-Executive Director; and
- (f) Bryn Hardcastle – Non-Executive Director.

6.3 Main Business Activities

Primero has developed its business strategy around services delivery to three main industry sectors as follows:

(a) Mineral Processing

Primero has clients across the minerals sector that range from junior companies in the early stages of geochemical interpretation of ore bodies through to established mining companies that are expanding existing operations.

Primero also offers professional services that extend from the initial geo-metallurgical sample selection process through to all aspects of study, detailed design, execution, operation and maintenance of process infrastructure.

Primero remains accountable for each of the project phases and capital cost efficiency and operational excellence are priorities of Primero from the outset. Plant operability and reliability are continuously optimised as lessons learnt from Primero's production teams are repurposed into the basis of design for future resource projects.

Further, knowledge retention throughout feasibility, detailed design, construction, commissioning and ramp-up underpins a project development capability that unlocks schedule opportunity, reduces pre-production capex and accelerates the achievement of nameplate production.

A summary of Primero's key project engagements in the mineral processing sector is detailed below.

Project	Status
<i>Precious metals</i>	
Merdeka Copper Gold's Tujuh Bukit Project – Ore Preparation Plant FEED (Stages 1 and 2)	Completed May 2018

Project	Status
Egan Street Resources Limited's Rothsay Gold Project - ECI	Completed October 2018
Resolute Mining Limited's Syama Gold Mine – Sulphide Crushing Circuit Debottlenecking FEED	Completed March 2018
Newcrest Mining Limited's Telfer Gold Mine – Miscellaneous Sustaining Capital Projects	Completed March 2019
Northern Star Resources Limited's Pogo Mine – Process Plant Throughput Expansion EPCM	Ongoing
Base metals	
Lynas Corporation Limited's Mt Weld Concentrator - Stack Cell Upgrade	Completed July 2017
Tungsten Mining NL's Mount Mulgine Project - ECI	Completed October 2018
Northern Minerals Limited's Browns Range Project – Pilot Plant Construction	Completed December 2018
Superior Lake Resources Limited's Superior Lake Zinc Project – Feasibility Study	Completed October 2019
Heron Resources Limited's Woodlawn Zinc-Copper Project – Ramp-up Acceleration and Plant Modification	Completed February 2020
Neometals' battery recycling and valuable metal recovery – Process Design and Studies	Ongoing
Ferrous metals	
Rio Tinto's Marandoo Southern Waste Fines Storage Facility – Pumping, Piping and Electrical Upgrade	Completed October 2019
Fortescue Metal Group's Hopper 9 Primary Crushing Plant Construction	Completed June 2020
Fortescue Metal Group's Christmas Creek OPF2 Vertical WHIMS Project	Ongoing
Industrial minerals	
Atlantic Limited's Windimurra Vanadium Screening and Benefication Plant	Completed February 2015
Galaxy Resources Limited's Mt Cattlin Project – Construction Completion and O&M Support	Completed August 2017
Alliance Mineral Assets Limited's Bald Hill Project – PFS, EPC and Contract Operation and Maintenance	Completed August 2019
Altura Mining Limited's Altura Lithium Project – Plant Modification and Ramp-up Support	Completed June 2020

Project	Status
The Altura Lithium Mine Crushing Facility Upgrade	Completed June 2020
Pilbara Minerals Limited's Pilgangoora Project – DMS circuit FEED, construction and commissioning support, plant modification and ramp-up support, asset management and MOS consultancy	Completed June 2020
Agrimin Limited's Mackay Sulphate of Potash Project – Process Inputs for DFS	Completed August 2020
Core Lithium Limited's Finiss Lithium Project – DFS and FEED	Completed July 2019
Piedmont Lithium's Piedmont Lithium Project – PFS, DFS, FEED	Ongoing
Sigma Lithium's Xuxa Lithium Project – DFS and FEED	Ongoing

(b) Energy

Primero's energy division specialises in the design and construction of hydrocarbon production, processing, storage and distribution infrastructure together with power generation facilities. Primero's services in respect to its clients in the energy and new energy sectors include technical engineering solutions in respect to the entire production chain inclusive of forms of new energy such as hydrogen production (ranging from minor modification to offshore production facilities to the multi-disciplinary construction of a 211MW power station).

Primero's oil and gas professionals are proficient in the execution of design and construction projects for offshore and onshore production, processing, storage and transmission in both green and brownfields environments. The group also provides ongoing engineering, modification and maintenance services for a wide range of operators.

Primero has extensive experience in gas compressor station design, modification and installation projects. Additionally, the group has designed pipelines and associated supporting metering, pressure reduction, heating and filtration infrastructure.

A summary of Primero's key project engagements in the energy sector is detailed below.

Project	Status
<i>Metering, delivery and processing</i>	
Empire Oil & Gas NL's Red Gully Gas and Condensate Processing Project – Construction	Completed July 2015
Chevron's Wheatstone DOMGAS metering facility	Completed July 2016
APA's gas delivery and metering infrastructure – Yamarna and Donaldson Road Metering Stations	Completed December 2018
<i>Power generation</i>	
Wartsila's Barker Inlet Power Station – Construction	Completed February 2020

Project	Status
Energy Development Limited's Hill 60 Power Station upgrade	Completed April 2020
Hydrocarbon storage and distribution	
Santos' Varanus Island tank life extension	Completed May 2019
Offshore production	
Vermillion Energy's Wandoo Platform – Maintenance and Industrial Services	Ongoing
Hydrogen Production	
Hazer Group Limited's commercial demonstration plant	Ongoing

(c) **Non-Process Infrastructure**

Primero's process infrastructure division services mining and energy clients that have processing facilities or are developing mineral or energy projects. The group adopts a holistic approach to resource project development, underpinned by extensive and demonstrated experience in the safe and timely delivery of non-process infrastructure solutions.

Primero has extensive experience in mobile equipment maintenance, diesel storage and unloading, hydrocarbon storage and distribution, mobile equipment tyre maintenance, fixed plant maintenance, balanced machinery and final product storage infrastructure.

A summary of Primero's key project engagements in the non-process infrastructure sector is detailed below.

Project	Status
Maintenance facility	
BHP's Mining Area C MEM Precinct – Detailed Design	Completed July 2014
Fortescue Metals Group's Solomon HME Maintenance Precinct – EPC	Completed July 2016
RioTinto's Marandoo HME Workshop extension – EPC	Completed September 2019
Diesel storage and refuelling	
RioTinto's West Angelas and Brockman Fuel Hubs – Detailed Design	Completed February 2014
RioTinto's Yandi Junction Fuel Facility – EPC	Completed July 2015
Citic Pacific Mining's Tug Fuel Facility – EPC	Completed February 2018
BHP's South Flank NPI – PC1, PC2 and MEM Precinct Fuel Infrastructure. MEM precinct hydrocarbon storage. EPC	Completed September 2020

Project	Status
Heavy and light vehicle washdown	
RioTinto's East Intercourse Island Light Vehicle Washdown - EPC	Completed July 2017
Independence Group NL's Nova – HV and LV Washdown	Completed August 2019
Material handling a product storage	
Rio Tinto's Dolphin Remediation	Completed November 2016
Rio Tinto's Lake Macleod Radial Stacker Replacement	Completed November 2019
Thyssenkrupp Industrial Solutions – South Flank Balanced Machinery Pre-assembly, discrete construction, modification, and commissioning	Ongoing
Water infrastructure	
Newcrest Mining Limited's Telfer Main Dome Dewatering	Completed January 2017

6.4 Primero's other activities and assets

Primero's other principal activities during the financial year ended 30 June 2020 include:

- (a) engineering and design services which includes full plant design and feasibility studies;
- (b) project management and planning;
- (c) complete turnkey in-house construction in civil, structural, mechanical, piping, electrical, instrumentation and control systems disciplines;
- (d) commissioning; and
- (e) operations and maintenance.

6.5 Major Projects

Further details regarding some of Primero's major projects is included below.

Project	Details	Status
Northern Minerals – Browns Range	<p>Northern Minerals is focused on becoming a significant producer of the heavy rare earth (HRE) dysprosium outside of China.</p> <p>Northern Minerals' 100% owned Browns Range Project is its flagship project, where it has a number of deposits and prospects containing high value dysprosium and other HREs hosted in xenotime mineralisation.</p> <p>Primero was engaged to construct the beneficiation and hydrometallurgical plant, collocated at Browns Range in the East Kimberley region of WA. Primero's scope of work included civil design construction as</p>	Completed December 2018

Project	Details	Status
	well as onsite installation works. The remote location of the project highlights Primero's ability to successfully deliver complex projects in challenging and often hazardous environments.	
Alliance Mineral Assets Limited - Bald Hill	Primero was engaged by the Tawana Resources and Alliance Mineral Assets Limited joint venture to complete the design, procurement and operation of the Dense Media Separation (DMS) at their Bald Hill Lithium and Tantalum mine in the Eastern Goldfield region of Western Australia.	Completed August 2019
Wärtsilä – Barker Inlet Power Station (BIPS)	Primero was engaged by Wärtsilä Australia to execute the design of the site diesel, UREA and lube-oil storage tanks, as well as all aspects of onsite construction including earthworks, piling, civil, structural, mechanical, tanks, piping, electrical and instrumentation works and site management at the Barker Inlet Power Station (BIPS).	Completed February 2020
Rio Tinto Iron Ore – Robe Valley Sustaining	Rio Tinto's Robe Valley Sustaining Project, involves the development of three open-pits on three new deposits namely Mesa B, Mesa C, and Mesa H, as well as the construction of supporting infrastructure for continued operations at Mesa A and Mesa J. Primero were awarded the construction of the ANFO facility and miscellaneous civil works.	Ongoing
Rio Tinto Iron Ore – Koodaideri Central Facilities	Koodaideri iron ore mine is an open-cut project being developed in the Pilbara region of Western Australia. Primero was awarded the contract for the turnkey design, construction and commissioning of the central facilities (NPI) scope of work inclusive HV and LV maintenance facilities, warehouse, fixed plant maintenance facilities, offices, site access and ancillary NPI.	Ongoing
Fortescue Metals Group – Christmas Creek OPF2 WHIMS Project	Fortescue is implementing a process plant upgrade at its Christmas Creek mine, utilising Vertical Wet High Intensity Magnetic Separation (Vertical WHIMS) technology to increase recovery and upgrade performance for fine material currently processed in the Desands circuit. Primero was awarded Fortescue's OPF2 Vertical WHIMS Project at Christmas Creek, initially engaged by way of early contractor involvement. Ore commissioning is currently in progress.	Ongoing

6.6 Historical financial information

(a) Basis of preparation

Primero released its annual financial report for the financial period ending 30 June 2020 on 25 September 2020. An electronic copy of this report can be obtained from Primero's website (www.primero.com.au) or from the ASX website (www.asx.com.au).

The historical financial information below relates to Primero on a stand-alone basis and does not reflect any impact of the NRW Offer. It is an extract only. The full consolidated financial accounts for the financial periods ending 30 June 2019 and 30 June 2020, being the last two audited financial statements since Primero's listing on the ASX on 9 July 2018 and prior to the date of this Target's Statement, which includes notes to the accounts, can be found in Primero's annual financial reports for

those periods. Copies of those annual financial reports are available on Primero's website at www.primero.com.au.

(b) **Consolidated Statement of Financial Position**

The consolidated statements of financial position of Primero detailed below have been extracted from the audited financial statements of Primero for the years ending 30 June 2018, 30 June 2019 and 30 June 2020, being the last three audited financial statements prior to the date of this Target's Statement.

	Consolidated Group		
	2020 \$000	2019 \$000	2018 \$000
Assets			
Current Assets			
Cash and cash equivalents	15,241	21,865	424
Trade and other receivables	31,302	13,378	15,486
Inventories	2,917	1,137	658
Work in progress and accrued Income	55,204	28,264	4,337
Other assets	580	522	1,151
Total Current Assets	105,244	65,166	22,056
Non-Current Assets			
Investments in other companies	2,014	95	110
Property, plant and equipment	6,182	5,775	3,793
Deferred tax assets	986	1,195	715
Right to Use Asset – Buildings	2,707	-	-
Total Non-Current Assets	11,889	7,065	4,618
Total Assets	117,133	72,231	26,674
Liabilities			
Current Liabilities			
Trade and other payables	45,566	30,339	12,300
Current tax liabilities	2,413	1,778	1,641
Employee benefits	2,251	1,905	1,059
Unearned Revenue	14,010	155	1,207
Borrowings	1,371	896	857
Total Current Liabilities	65,611	35,073	17,064
Non-Current Liabilities			
Borrowings	4,333	2,067	1,060
Employee benefits	439	318	173
Total Non-Current Liabilities	4,772	2,385	1,233
Total Liabilities	70,383	37,458	18,297
Net Assets	46,750	34,773	8,377
Equity			
Issued capital	27,007	19,688	348
Reserves	1,006	996	(4)
Retained earnings	18,737	14,089	8,033

	Consolidated Group		
	2020	2019	2018
	\$000	\$000	\$000
Total Equity	46,750	34,773	8,377

(c) **Consolidated statement of profit or loss and other comprehensive income**

The consolidated statement of profit or loss and other comprehensive income of Primero detailed below for the years ending 30 June 2018, 30 June 2019 and 30 June 2020 has been extracted from Primero's audited consolidated statement of financial performance for those periods.

	Consolidated Group		
	2020	2019	2018
	\$000	\$000	\$000
Revenue	205,595	151,680	85,217
Other Income	483	144	61
Expenses			
Cost of Sales	(187,452)	(131,674)	(71,327)
Depreciation and amortisation of expense	(1,876)	(1,200)	(847)
Other overhead expenses	(8,825)	(8,230)	(4,900)
Finance Costs	(609)	(240)	(207)
IPO Costs	-	(185)	(606)
Employee Incentive Scheme	(192)	(124)	-
Bad Debts	(493)	(337)	-
Due diligence cost for potential business acquisition	-	(119)	-
Share based payments expense – employees	48	(512)	-
Profit before income tax	6,679	9,203	7,391
Tax expense	(2,031)	(3,014)	(2,176)
Net profit for the year	4,648	6,189	5,215
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax	(23)	37	(4)
Unrealised gain/(loss) on investments	(110)	24	-
Gain/(loss) on investments	-	152	-
Total other comprehensive income/(loss) for the year	(133)	213	(4)
Total comprehensive income for the year	4,515	6,402	5,211
Total comprehensive income attributable to:			
Owners of the parent entity	4,515	6,402	5,211
Earnings per share	2020	2019	2018

	Consolidated Group		
	2020	2019	2018
	\$000	\$000	\$000
Basic earnings per share	\$0.029	\$0.042	\$0.056
Diluted earnings per share	\$0.028	\$0.042	\$0.056

(d) **Consolidated statement of cash flows**

The consolidated statements of cash flows of Primero detailed below have been extracted from the audited financial statements of Primero for the years ending 30 June 2018, 30 June 2019 and 30 June 2020, being the last three audited financial statements prior to the date of this Target's Statement.

	Consolidated Group		
	2020	2019	2018
	\$000	\$000	\$000
Cash Flows from Operating Activities			
Receipts from customers	160,169	143,596	78,343
Payment to suppliers and employees	(171,408)	(137,732)	(72,399)
Interest received	31	315	26
Other revenue	392	142	35
Income tax paid	(1,081)	(3,240)	(1,324)
Net cash generated by operating activities	(11,897)	3,081	4,681
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment	363	-	3
Proceeds from sale of investments	-	1,121	103
Purchase of property, plant and equipment	(2,109)	(3,192)	(1,360)
Purchase of investments	(2,000)	-	(40)
Repayment/(advance) of loans made to employees	-	285	(94)
Net cash (used in)/generated by investing activities	(3,746)	(1,786)	(1,388)
Cash Flows from Financing Activities			
Proceeds from borrowings other	3,082	3,624	1,022
Repayment of borrowings other	(959)	(2,271)	(2,555)
Finance costs	(267)	(7)	(48)
Dividends paid by parent entity	-	-	(559)
Proceeds from issue of shares	7,634	20,010	-
Payments for issue of shares	(449)	(1,247)	(457)
Net cash provided by/(used in) financing activities	9,041	20,109	(2,597)
Net increase in cash and cash equivalents	(6,602)	21,404	696
Cash and cash equivalents at the beginning of financial year	21,865	424	(268)
Effects of Foreign Exchange	(22)	37	(4)
Cash and cash equivalents at the end of	15,241	21,865	424

	Consolidated Group		
	2020	2019	2018
financial year	\$000	\$000	\$000

6.7 Material changes in Primero's financial position and financial performance

To the Primero Directors' knowledge, and except as disclosed in Primero's annual financial report for the year ended 30 June 2020 released to the ASX on 25 September 2020, in Primero's other ASX announcements, in the Bidder's Statement or in this Target's Statement, the financial position and financial performance of Primero has not materially changed since 30 June 2020.

As at the date of this Target's Statement, there is no material change to the earnings guidance disclosed by Primero in its ASX announcement dated 2 October 2020. Primero is presently in discussions with various companies in respect to new contract awards, however, as at the date of this Target's Statement, these new contract awards remain subject to negotiation, final commercial agreement and the execution of formal binding documentation.

6.8 Debt Facilities

(a) Existing Facilities

As at the date of this Target's Statement, Primero has:

- (i) a \$40 million insurance bond facility from Asset Insure, of which \$32,139,536 has been drawn down; and
- (ii) a \$25 million multi option facility with the National Australia Bank (**NAB**) of which \$22,454,649 has been drawn down.

Primero is presently in discussions with NAB to increase the multi option facility by up to \$5 million and to extend the banking and debt facilities from 31 December 2020 to 28 February 2021.

(b) NRW Loan Facility

NRW and Primero have entered into a binding term sheet, dated 24 November 2020, pursuant to which NRW has agreed to provide Primero with a \$10 million second ranking secured loan facility (**NRW Loan Facility**) to assist Primero in respect to its short-term working capital requirements during the Offer Period. The NRW Loan Facility can be draw down by way of multiple drawdowns (to a maximum of eight outstanding loans) based on expected Primero cash flow requirements.

Interest is payable from day 61 post draw on amounts drawn down under the NRW Loan Facility at an interest rate reflecting the prevailing one month bank bill swap rate (as published on the ASX website) plus 6.5% per cent per annum. The NRW Loan Facility includes a draw down fee of 2.3% on the total of each drawing which includes the first 61 days of interest.

Any amounts advanced under the NRW Loan Facility are repayable on the date that is 12 months from the date of entry into the Bid Implementation Agreement although there is an obligation to repay those amounts in full in certain prescribe circumstances including:

- (i) if a majority of the Primero Directors recommend Primero Shareholders accept a Competing Proposal (repayment within 5 Business Days of that recommendation);

- (ii) if any of the bid conditions under the Bid Implementation Agreement fail or are not satisfied by the relevant date and NRW has not declared the NRW Offer unconditional prior to the end of the Offer Period (repayment within 3 months of the close of the NRW Offer);
- (iii) if the Bid Implementation Agreement is terminated by NRW because the Primero Directors fail to recommend the NRW Offer, Primero is in material breach of the Bid Implementation Agreement or if a representation by Primero becomes untrue and it is material in the context of the NRW Offer or the Primero terminates the Bid Implementation Agreement on the basis of the Primero Directors receiving a Superior Proposal subject to certain conditions (repayment within 14 business days of termination); or
- (iv) if the Bid Implementation Agreement is terminated by NRW because a governmental agency's actions permanently restrict or prohibit the takeover bid (repayment within 3 months of the date of termination).

Primero may prepay the NRW Loan Facility at any time in minimum amounts of \$1,000,000.

The NRW Loan Facility may be terminated and all moneys advanced (including accrued interest or other amounts payable in connection with it) become due and payable on 5 days' notice at the election of NRW, in the following circumstances:

- (i) a third party obtaining control of Primero, or obtaining a relevant interest in over 20% of the Primero Shares, under a takeover offer that is or becomes unconditional; or
- (ii) \$10 million being raised by Primero (by means of debt or equity), subject to agreed exceptions.

The security to be provided by Primero to secure any drawdowns under the NRW Loan Facility is second ranking security in respect of all present and after acquired property of Primero.

The NRW Loan Facility otherwise contains terms and conditions customary for an arrangement of this type. Drawdown under the NRW Loan Facility remains subject to conditions including execution of a formal facility agreement reflecting the binding term sheet, Primero granting of security (subject to either the Primero Shareholders having approved the grant of the security or confirmation from ASX that it will not apply Listing Rule 10.1), no event of defaults, NRW financier consent to the facility arrangement and other customary draw down requirements.

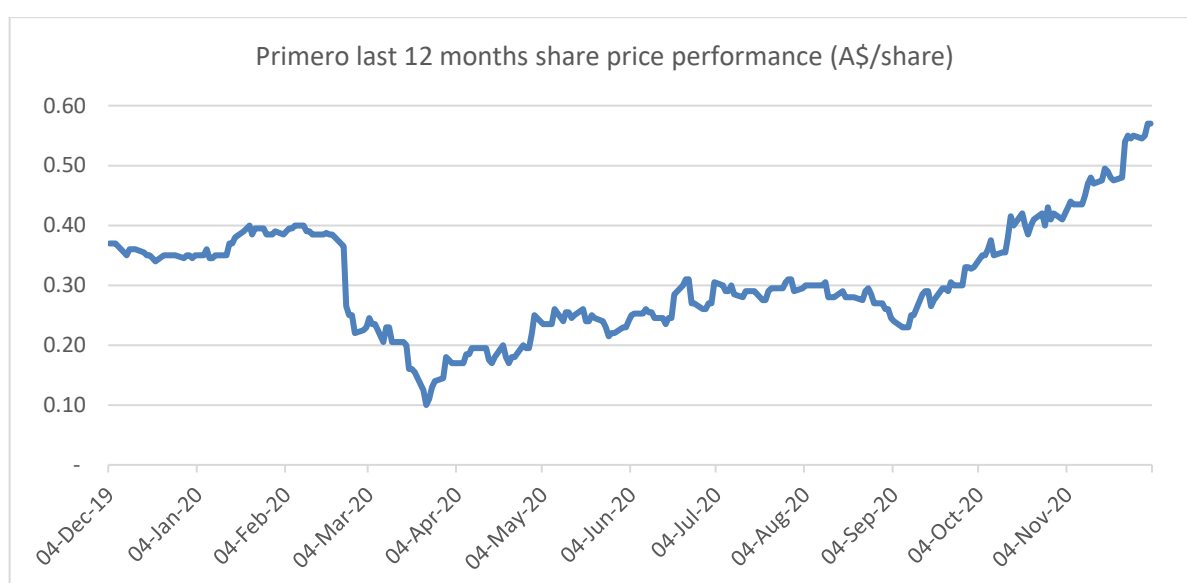
As part of this arrangement, NRW will enter into a priority deed with Primero's key lender, NAB. The key effect of this document is:

- (i) to provide consent to the existence, registration and perfection of each of NAB and NRW's security interests in Primero;
- (ii) to give NAB's security interests in Primero priority over NRW's in respect of any enforcement and the application of the proceeds of such enforcement up to \$31,000,000 and all interest, costs and charges;
- (iii) where an event of default occurs under a security interest granted by Primero in favour of NRW or NAB or their financing arrangements with Primero, Primero may only make payments to NAB and must not make payments to NRW unless otherwise agreed by NAB;
- (iv) NRW may not take any steps under its security interest in Primero without NAB's prior consent; and
- (v) NRW will be notified if NAB takes any actions under its security interests.

6.9 Recent Primero Share price history

At 3 December 2020:

- (a) the last recorded traded price of Primero Shares was \$0.570;
- (b) the 30 trading day VWAP of Primero Shares was \$0.523;
- (c) the 60 trading day VWAP of Primero Shares was \$0.463;
- (d) the 90 trading day VWAP of Primero Shares was \$0.445;
- (e) the highest recorded traded price of Primero Shares in the previous 3 months was \$0.575 on 3 December 2020; and
- (f) the lowest recorded traded price of Primero Shares in the previous 3 months was \$0.225 on 8 September 2020.



Source: IRESS.

It should be noted that these trading prices are affected by the announcement of the NRW Offer. The price of Primero Shares on ASX can be obtained from the ASX website (www.asx.com.au).

6.10 Primero issued securities

As at the date of this Target's Statement, Primero's issued securities consisted of:

- (a) 170,826,197 Primero Shares; and
- (b) 14,413,229 Primero Options, as detailed below.

Number	Exercise Price	Expiry
1,000,000	\$0.50	9 July 2021
1,000,000	\$0.60	9 July 2021
184,094	Nil	3 December 2022
721,075	Nil	3 December 2022
1,396,075	\$0.558	3 December 2022
2,140,956	Nil	25 November 2023

738,816	\$0.543	25 November 2023
74,963	Nil	30 November 2021
103,920	Nil	19 August 2021
1,034,572	Nil	30 November 2024
5,003,755	Nil	30 November 2024
1,015,003	\$0.37	30 November 2024

6.11 Primero Options

The NRW Offer will not extend to the Primero Options. However, Primero Optionholders whose Primero Options are exercised during the Offer Period will be able to accept the NRW Offer in respect of the Primero Shares they are issued.

Under the terms of the Bid Implementation Agreement, conditional upon NRW becoming entitled to compulsorily acquire all Primero Shares and the NRW Offer becoming unconditional, NRW will make Primero Options Offers to each remaining holder of Primero Options to cancel each of their Primero Options. Further, under the Bid Implementation Agreement, the NRW Offer is conditional upon the Primero Optionholders, other than the Other Option Holders, still holding Primero Options accepting the Primero Options Offer and entering into option cancellation deeds in respect to their Primero Options (**Option Cancellation Deeds**).

The consideration payable for the cancellation of Primero Options under the Option Cancellation Deeds will:

- (a) for the Primero Options issued under the Employee Incentive Plan, be equal to the consideration payable under the NRW Offer (being \$0.275 cash and 0.106 NRW Share per Primero Option); and
- (b) for the Primero Options issued to the Other Option Holders, the offer will be a cash payment equal to a Black-Scholes option valuation, being an aggregate of \$85,500 in cash.

Under the terms of the Bid Implementation Agreement, the cancellation of Primero Options under the Option Cancellation Deeds will be conditional only on (unless NRW otherwise determines or waives the condition):

- (a) NRW being entitled to compulsorily acquire all Primero Shares;
- (b) the NRW Offer made in relation to Primero Shares becoming unconditional or is declared by NRW to be free of all conditions; and
- (c) any necessary or desirable Listing Rules waivers being granted to facilitate the Primero Options Offer.

As at the date of this Target's Statement, 12,413,229 Primero Options (being all of the Primero Options presently on issue other than the Primero Options issued to the Other Option Holders and representing approximately 86% of the Primero Options on issue) are issued under the Employee Incentive Plan and the exercise of these Primero Options are subject to the satisfaction of certain vesting conditions. In accordance with the Employee Incentive Plan, if after the grant of the Primero Options and before the expiry date, there is a Change of Control (as defined under the Employee Incentive Plan and detailed below), the Primero Optionholders issued with Primero Options under the Employee Incentive Plan may exercise any or all of their Primero Options, regardless of whether the vesting conditions have been satisfied.

Among other circumstances a Change of Control for the purpose of the Employee Incentive Plan occurs if a bona fide takeover bid (such as the NRW Offer) is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of Primero's issued shares.

Upon such a Change of Control occurring, the Primero Options will automatically vest and will be exercisable into Primero Shares.

ASX has granted Primero with a waiver in respect to Listing Rule 6.23.2 to the extent necessary to permit Primero to cancel for consideration and without shareholder approval the Primero Options (refer to Section 6.10 for further details), subject to the following conditions:

- (a) full details of the cancellation of the Primero Options are included in the Target Statement;
- (b) the NRW Offer being declared unconditional; and
- (c) NRW acquiring Voting Power in Primero of at least 50.1%.

Full details in respect to the cancellation of the Primero Options are detailed in this Section.

As at the date of this Target's Statement, some but not all of the Option Cancellation Deeds have been executed.

6.12 Dividend Policy

Primero does not currently pay dividends to its shareholders. The Primero Board is not able to indicate if and when dividends will be paid in the future if the NRW Offer is not implemented, as payment of any dividend will depend on the future profitability, financial position and cash requirements of Primero.

6.13 Litigation

As disclosed in Primero's ASX announcements, Primero is in dispute with Wartsila Australia Pty Ltd (**Wartsila**) for the recovery of monies in respect to the Barker Inlet Power Station project that was completed in February 2020. The project has been successfully delivering power into the South Australian network since December 2019.

Changes to the design and variations directed by Wartsila saw progressive and significant extension of the scope, the contract period, and the value of works performed by Primero for Wartsila under this contract. The changes were performed through the contract via a typical 'remeasurable contract' process whereby quantities installed are remeasured and verified by the principal prior to payment being made.

In addition to ongoing litigation claims in the Supreme Court of South Australia and Western Australia, Primero submitted an adjudication application via the South Australian Security of Payment Act (SOPA) provisions, after the previous adjudication award in its favour was overturned (refer to the ASX announcement dated 3 September 2020). The adjudication application related to the pursuit of all outstanding claims under the Wartsila contract.

After an extended adjudication timeframe at the adjudicator's request, a determination has been handed down for Primero to be awarded \$16,436,796 plus interest (being a proportion of all of its outstanding claims under the Wartsila contract). There is a risk that Wartsila may appeal this decision, may pursue its set off claims in respect to the decision and/or the payment from Wartsila in respect to the amount awarded to Primero may not be received in a timely manner.

Primero is still pursuing its claims in respect to the Wartsila contract in the Supreme Court of South Australia and Western Australia (noting that, in the audited financial statements for the year ended 30 June 2020, Primero has recognised approximately \$52 million in accrued revenue attributable to the Wartsila contract). If the parties fail to settle the dispute, it is likely that litigation will continue for a number of years.

Other than as disclosed in this Target's Statement, Primero is not aware of any current or proposed litigation or dispute that is material and to which it is or may be a party.

6.14 Publicly available information

As an ASX listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, Primero is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

Primero's most recent announcements are available from Primero's website at www.primero.com.au.

ASX maintains files containing publicly available information about entities listed on their exchange. Primero's files are available for inspection at Primero's registered office during normal business hours and are available on the ASX website (www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to Primero may be obtained from or inspected at an ASIC service centre. Please note, ASIC may charge a fee in respect of such services.

The following documents are available for inspection during normal business hours at the registered office of Primero:

- (a) Primero's constitution;
- (b) Primero's annual financial report which includes Primero's audited financial statements for the financial year ended 30 June 2020; and
- (c) Primero's public announcements.

The annual financial report for the year ended 30 June 2020 and public announcements are available at Primero's website at www.primero.com.au, or may be requested to be provided free of charge by contacting Primero's Company Secretary.

6.15 Transaction Expenses

The transaction will result in Primero incurring fees and expenses that would not otherwise have arisen. The costs and expenses to Primero associated with the transaction, the NRW Offer (including, without limitation, fees of external professional advisers to Primero and costs of printing and dispatch of this Target's Statement) are estimated to be up to \$2,600,000 in aggregate.

7 INFORMATION ABOUT NRW

7.1 Disclaimer

The information on NRW in this Target's Statement has been prepared by Primero using publicly available information, and has not been independently verified by Primero. Accordingly, subject to the Corporations Act, Primero does not make any representation (express or implied) as to the accuracy or completeness of such information.

7.2 Corporate Information and Overview

NRW is a public company incorporated in Western Australia. NRW was admitted to the official list of ASX on 5 September 2007 (ASX: NWH) and is the holding company for a group of companies that provide diversified services to the civil, mining, resources, and construction industries. Further details regarding NRW are available on its website www.nrw.com.au.

7.3 Structure and Ownership of NRW

Since inception in 1994, NRW has continually diversified its service offering and expanded its geographical presence. These services comprise civil expertise including bulk earthworks and concrete installation, contract and drill and blast. NRW also offers original equipment manufacturing, specialist maintenance (shutdown services and onsite maintenance), industrial engineering and innovative materials handling design capability with comprehensive additional experience for refurbishment and rebuild service for earthmoving equipment and machinery.

A list of NRW's wholly owned controlled entities and details in respect to the ownership of NRW are detailed in section 1.2 of the Bidder's Statement.

7.4 Principal activities of NRW

NRW has structured its business operations and reporting into four segments, civil, mining, drill & blast and minerals, energy and technologies, each operating via separate entities detailed below:

(a) Civil

NRW's civil services comprise of the delivery of private and public civil infrastructure projects, mine development, bulk earthworks and commercial and residential subdivisions, are delivered to the highest of standards by NRW Civil Pty Ltd, Golding Civil Pty Ltd and Golding Urban Pty Ltd.

(b) Mining

NRW's mining business unit operates nationwide delivering a range of services, such as mine management, contract mining, load and haul, dragline operations, coal handling prep plants, maintenance services and the fabrication of water and service vehicles, through its providers NRW Mining Pty Ltd, Golding Contractors Pty Ltd and AES Equipment Solutions.

(c) Drill & Blast

NRW's drill & blast subsidiary company, Action Drill & Blast Pty Ltd, provides integrated, full scope production drill and blast services to the mining and civil construction sectors across Australia.

(d) Minerals, Energy and Technologies

NRW's minerals, energy and technologies business units, RCR Mining Technologies Pty Ltd and DIAB Engineering Pty Ltd operate in Western Australia and Victoria delivering a range of integrated engineering solutions.

Refer to section 1.3 of the Bidder's Statement for further details in respect to NRW's principal activities.

7.5 NRW Directors and Management

As at the date of this Target's Statement, the NRW directors are:

- Michael Arnett – Chairman and Non-Executive Director;
- Julian Pemberton – CEO and Managing Director;
- Jeff Dowling - Non-Executive Director;
- Peter Johnston – Non-Executive Director; and
- Fiona Murdoch – Non-Executive Director.

Refer to section 1.4 of the Bidder's Statement for the profiles of the above NRW directors.

The key management personnel of NRW detailed in its most recent annual report are:

- Andrew Walsh – Chief Financial Officer;
- Geoff Caton – Executive General Manager (Golding);
- Ric Buratto – Executive General Manager (NRW Civil & Mining);
- Andrew Broad – Executive General Manager (Action Drill & Blast);
- Ian Gibbs – Executive General Manager (RCR Mining Technologies); and
- Glen Payne – Executive General Manager (DIAB Engineering).

Refer to section 1.5 of the Bidder's Statement for the profiles of the above key management personnel.

7.6 Financial Information

In the financial year ended 30 June 2020, NRW, on a consolidated basis, reported revenue of \$2,062 million, a profit before income tax of \$100.2 million and net earnings of \$73.7 million.

The full financial accounts for NRW for the year ended 30 June 2020, which include the notes to the accounts, can be located on NRW's website at www.nrw.com.au or on NRW's ASX platform. For further details on the financial information of NRW and NRW management comments, refer to section 1.6 of the Bidder's Statement.

7.7 NRW's substantial shareholders

As at 27 November 2020, there were 8,181 NRW Shareholders including the following substantial shareholders:

NRW substantial shareholder	NRW Shares	Voting power
Blackrock Group	30,911,018	7.24%
Vanguard Group	22,704,233	5.32%

7.8 Recent trading in NRW Shares

NRW Shares are quoted on ASX. Detailed below is a table showing relevant trading prices of NRW Shares on ASX:

Comparative trading price of NRW Shares	Price (\$)
Highest trading price in the 4 months prior to the date the Bidder's Statement was lodged with ASIC	\$2.84
Lowest trading price in the 4 months prior to the date the Bidder's Statement was lodged with ASIC	\$1.64
Closing trading price for NRW Shares traded on ASX on 23 November 2020, being the last full trading day prior to the Announcement Date	\$2.59
Closing price of NRW Shares traded on ASX on the last practicable date prior to the date the Bidder's Statement was lodged with ASIC	\$2.72

7.9 NRW's dividend history

(a) Dividend history

NRW has previously paid dividends, as follows:

Record date	Payment date	Unfranked cents per NRW Share	Fully franked cents per NRW Share	Total dividends (\$)
29 September 2020	14 October 2020	-	4.0	17,067,415
30 March 2020	9 June 2020	-	2.5	10,667,143
2 December 2019	16 December 2019	-	2.0	7,621,429
24 April 2019	8 May 2019	-	2.0	7,517,830

(a) Dividend policy

NRW declared a final fully-franked dividend of \$0.04 per share for the financial year ending on 30 June 2020, bringing the total dividend for the financial year to \$0.065 per NRW Share following an interim dividend paid in June 2020.

As disclosed in section 2.4 of the Bidder's Statement, the directors of NRW's current dividend policy is to ensure that NRW has appropriate liquidity to maintain dividend payments at both the full year and half year. The directors of NRW also seek to grow dividend payments year on year subject to ensuring that NRW has appropriate liquidity to support ongoing operations and strategic initiatives.

7.10 Rights and liabilities attaching to NRW Shares

Refer to section 2.5 of the Bidder's Statement for details in respect to the rights and liabilities attaching to NRW Shares.

7.11 Risks associated with NRW and the Combined Group

There are a number of risks and uncertainties, which are both specific to NRW and the Combined Group and of a more general nature, that may affect the future operating and financial performance of the Combined Group and the value of NRW Shares. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, while others can be covered by insurance, but some are outside the control of NRW and the Combined Group and cannot be mitigated or insured against. Many of these risks also affect the businesses of other companies operating in the same industry. For further information about the risks of an investment in NRW and the Combined Group, please refer to section 8 of the Bidder's Statement.

7.12 Further information about NRW

Further information in respect to NRW and the Combined Group are included in sections 1, 2 and 5 of the Bidder's Statement.

7.13 Profile of Combined Group

NRW has prepared a profile of the Combined Group in section 5 of the Bidder's Statement. The Primero Directors recommend that you read and carefully consider the information in section 8 of the Bidder's Statement, including in respect to the pro-forma historical consolidated financial information for the Combined Group.

8 RISK FACTORS

8.1 Introduction

In considering the NRW Offer, Primero Shareholders should be aware of the risks related to:

- (a) continuing to hold Primero Shares;
- (b) holding NRW Shares;
- (c) general risks relevant to holding Primero Shares and/or NRW Shares; and
- (d) the outcome of the NRW Offer.

Primero and NRW are subject to a number of investment risk factors which may affect the financial position and financial performance of Primero and/or NRW and the value of Primero Shares and/or NRW Shares. Many of the risks are outside the control of Primero, NRW, the Primero Directors and directors of NRW, and there can be no certainty that Primero's and/or NRW's objectives or anticipated outcomes will be achieved.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to Primero, NRW, the Combined Group and the NRW Offer. Additional risks and uncertainties not currently known to Primero may also have an adverse impact on Primero, NRW or the Combined Group.

The risks of holding Primero Shares (and other risks) will continue to be relevant to Primero Shareholders who do not accept the NRW Offer and retain their investment in Primero. These risks will also continue to be relevant to all Primero Shareholders if the NRW Offer does not proceed.

This Section does not take into account the investment objectives, financial situation, position or particular needs of Primero Shareholders. Each Primero Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

8.2 Risks of continuing to hold Primero Shares

(a) Construction Claims, Disputes and Litigation

Primero's contracts are generally 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time to time variations to the planned scope occurs or issues arise during the construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by Primero.

Other than as disclosed in this Target's Statement, Primero has no current involvement in any other material contractual disputes or litigation matters with their clients or other third parties. However, there is a risk that Primero may in the future have other disputes with its clients or other third parties (including payment disputes) and that this may have an adverse impact on its growth prospects, operating results and financial performance.

(b) Wartsila Dispute

As detailed in Primero's ASX announcements, Primero is in dispute with Wartsila for the recovery of monies in respect to the Barker Inlet Power Station project that was completed in February 2020. Refer to Section 6.13 for further details.

A determination has been handed down by the adjudicator for Primero to be awarded \$16,436,796 plus interest. There is a risk that Wartsila may appeal this decision, may pursue its set off claims in respect to the decision and/or the payment from Wartsila in respect to the amount awarded to Primero may not be received in a timely manner.

Further, Primero is still pursuing its claims in respect to the Wartsila contract in the Supreme Court of South Australia and Western Australia. If the parties fail to settle the dispute, it is likely that litigation will continue for a number of years. There is a risk that the remaining amounts claimed under the contract with Wartsila may not be recovered and if so, this may have an adverse impact on Primero's cash flow and financial condition.

(c) Capital and Cash Flow Requirements

In the absence of the NRW Offer and having regard to, amongst other matters, the adjudication decision and ongoing litigation with Wartsila in respect to the Barker Inlet Power Station, Primero would need to undertake a substantial dilutive equity capital raising to fund working capital requirements, its committed contractual order book for FY21/22 and strengthen its balance sheet.

There is a risk that difficult conditions in the equity and debt markets may exist in future, making it more difficult and costly for Primero to obtain funding (or potentially making it impossible to obtain funding). Primero's ability to obtain additional funding will depend on investor demand, its performance and reputation, market conditions and other factors. Primero may seek to raise further funds through equity or debt financing or other means. If Primero elects to raise additional capital via equity, there is a risk that the future issue of additional equity could result in significant dilution for Primero Shareholders.

Failure to obtain sufficient financing for Primero's activities and future projects may result in delay of its growth strategies. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. If Primero is unable to obtain additional funding as and when needed, it may have a material adverse effect on Primero's financial condition, results of operations or prospects.

(d) Financing Facilities

Primero's existing banking and debt facilities are currently scheduled for renewal on 31 December 2020 and Primero is presently in discussions with NAB for an extension to 28 February 2021. If the NRW Offer is unsuccessful, any renewal / extension of these existing facilities will likely involve the requirement to undertake a substantial equity capital raising to cover (amongst others) Primero's additional working capital and bank guarantee facilities. In addition, if utilised, the additional debt facility made available to Primero by NRW via the NRW Loan Facility (refer to Section 6.8(b) for further details) will also need to be refinanced, if the NRW Offer is unsuccessful.

There can be no assurance that Primero will be able to refinance its existing facilities, and even if it is able to do so, the terms of the new or revised facilities may be less favourable than those of Primero's existing facilities. Any such refinancing will likely involve a further or enlarged equity capital raising (refer above) which will likely be highly dilutive to existing Primero Shareholders.

(e) Project Risk and Reliance on Key Clients and Contracts

Primero derives the majority of its revenue at any given time from a concentrated number of substantial contracts which may be terminated, delayed or incur unforeseen costs in performance which may not be recoverable. The cost and availability of plant, equipment and construction materials may affect profitability particularly in a rising cost environment. Any variation to scope and timing of works, delay or termination of Primero's material contracts, any breach by Primero of its

obligations under the material contracts or the incurrence of unrecoverable costs during performance, may materially impact on Primero's performance.

Primero is also potentially subject to warranty claims which may expose it to re-performance of its contractual obligations or additional costs. Primero is particularly exposed to risk in circumstances where it has agreed to an EPC contract where it may suffer loss in the event expenses exceed anticipated costings for the project. Primero constructs large and often complex processing plants which may operate under extreme conditions. The potential for failure of components is always present. If this failure results in a loss to Primero, Primero may have exposure to rectification of these failures which may result in a call on performance guarantees provided by Primero to its clients (if any), or in some cases, may exceed the quantum of any such performance guarantees.

Further, although Primero holds a preferred EPC contractor status across multiple projects, these projects may be subject to various conditions, including adequate financing, and there is no certainty that these projects will eventuate or, if they eventuate will be completed.

(f) Earnings Guidance

Primero has provided earnings guidance on the basis of a number of assumptions and forward looking expectations, which it believes are reasonable but may subsequently be proved incorrect. Earnings guidance is not a guarantee of future performance and involves known and unknown risks, many of which are beyond the control of Primero.

Some of the key risks include contract termination, unsuccessful tenders, drop in contract rates, variation of costs and productivity assumptions. If Primero fails to achieve its earnings guidance (refer to Section 6.7 for further details), this is likely to adversely affect the trading price of Primero Shares.

(g) Contracting Risk

Primero's business is generally characterised by large, long term fixed price contracts. The terms of these contracts typically include liability periods applicable to Primero for work performed (the limits of which vary from contract to contract), provision for payment of liquidated damages for late delivery and extensive indemnities are also provided by Primero.

In most instances, clients have the power to unilaterally suspend or terminate contracts entered into with Primero by giving written notice. The suspension or early termination of contracts, for any reason, may mean that Primero will incur additional costs or not realise the full value of the contract, which is likely to adversely affect the growth prospects operating results and financial performance of Primero.

There is also a pricing risk in respect of Primero's current and future contracts. If the initial estimate of costs by Primero in tendering for projects is understated or costs increase by a margin greater than that accounted for in the pricing of the contracts, then this may adversely affect Primero's financial performance and/or financial position. Further, if future fixed price contracts are priced incorrectly, or costs increase above those anticipated at the time of entering the contracts, then this may adversely affect Primero's financial performance and/or financial position.

(h) COVID-19

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which is having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.

To date, the COVID-19 pandemic has not had any material impact on Primero's operations, however, any infections on any of Primero's projects could result in

Primero's operations being suspended and construction otherwise disrupted for an unknown period of time, which may have an adverse impact on Primero's operations as well as adverse implications on Primero's future cash flows, profitability and financial condition.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit virus transmissions (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact Primero's operations, financial position and prospects.

Primero has implemented a COVID-19 mitigation plan in order to minimise the risk of infection for individuals and the impact on projects. The plan includes the following:

- (i) identify and risk assess relevant information provided by employees and others in relation to COVID-19 questionnaires etc;
- (ii) gather information from relevant authorities, provide accurate and timely information;
- (iii) provide strategies for consideration by the Primero Directors;
- (iv) ensure company-wide coordination and communication;
- (v) implementation of response measures and recovery;
- (vi) develop, maintain and exercise project specific COVID-19 plans;
- (vii) provide support to general managers and project managers where required; and
- (viii) support outbreak investigations and management.

In addition to the above, Primero have established flexible and remote working plans, identifying mandatory self-quarantine, and isolation areas on site and optimising site works to manage within the COVID-19 limitations.

Primero will continue to review its COVID-19 mitigation plan and update its plan based on the latest guidance from health professionals and the government as the situation develops.

(i) **Safety**

In order for Primero to continue working on projects, a robust safety methodology needs to be in place. A serious safety incident or fatality has the ability to create a substantial risk to Primero's social licence to operate. Primero has processes in place to help mitigate this safety risk, ensuring that all employees (including senior management) and sub-contractors are aligned and engaged with the approach to safety.

(j) **Engineering Design Risk**

Primero operates as a "Design, Construct and Operate" contractor in the engineering sector. Such projects and contracts place an obligation on Primero to design "Fit for Purpose" infrastructure and to give warranties to such effect. Any failure in design may see Primero exposed to contractual claims for breach of "Fit for Purpose" or design obligations and, from time to time, to performance and liquidated damages.

Primero manages this risk by maintaining professional indemnity insurance and also engaging appropriate third party design consultants for complex or specialist design expertise.

(k) **Contingent Liabilities**

Primero remains exposed to certain contingent liabilities as disclosed in Note 24 of the audited financial report for the year ended 30 June 2020 lodged on the ASX on 25 September 2020.

(l) Dependence on Key Personnel

Primero depends on the expertise and experience of its personnel as its primary assets.

It is essential that appropriately skilled personnel be available in sufficient numbers to support the quality of Primero's services and maintain the diversity of its business skills. Primero requires personnel that are professionally skilled in many areas, some of which may be considered niche specialties in which few practitioners are available for recruitment. Growth in the demand for skilled personnel in the mining and minerals industries has also created greater competition.

Should a number of its key personnel leave Primero, this may have a negative impact on Primero as it may be difficult to replace them, or to do so in a timely manner or at a comparable expense. Additionally, any key personnel of Primero who leave to work for a competitor may adversely impact Primero.

Primero's ability to attract and retain personnel will have a direct correlation upon its ability to deliver its project commitments. Any failure to retain existing employees and recruit and retain additional personnel, may have a negative impact on existing operations and future growth prospects of Primero, and adversely affect the financial performance and/or financial position of Primero.

(m) Increased Competition from New and Existing Competitors

Primero operates in markets that are competitive and in which a number of companies compete. Competition in these markets is expected to continue, presenting Primero with numerous challenges relating to its ability to maintain growth rates and acceptable margins. If Primero is unable to meet these competitive challenges, it may lose market share to its competitors and experience an overall reduction in its earnings.

(n) Labour Costs and Availability

Primero's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit Primero's ability to hire and retain employees. Primero is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit Primero's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact Primero's revenue and, if costs increase or productivity declines, its operating margins.

(o) Margins and Operating Costs

Cost overruns, unfavourable contract outcomes, serious or continued operational failures, disruption at key facilities, disruptions to communication systems or safety incidents could potentially give rise to adverse financial impacts on margins. Primero is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost, or at all, Primero's financial performance could be adversely affected.

(p) Tender Process

Primero's revenue is dependent on winning new contracts with acceptable terms and conditions. Primero operates in increasingly competitive markets and it is difficult to predict whether and when Primero will be awarded new contracts due to multiple factors influencing how clients evaluate potential service providers, such as maintenance and safety standards, experience, reputation, client relationships and financial strength. Consequently, Primero may be at risk of losing new awards to competitors which will adversely impact its business, results of operations and financial conditions. Primero's results of operations and cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards. Primero is also at risk from materially underestimating the cost of providing services, equipment or plants.

(q) Ability to Win New Projects

Primero's performance is influenced by its ability to win new contracts and complete projects in a timely manner. The failure of Primero to win new projects could adversely impact its growth prospects, operational results and financial performance.

(r) Cyclical Nature of Business

Primero's clients are involved in (amongst others) the oil and gas, mining and minerals processing industries and the level of activity and profitability of these sectors are cyclical and sensitive to a number of factors outside of Primero's control, such as movements in commodity prices. Primero is not able to predict the timing, extent or duration of these activity cycles which may affect the financial performance and/or financial position of Primero.

(s) Operating Risks

Primero and its clients are exposed to a range of operational risks relating to both current and future operations. Such operational risks include, but are not limited to, the following items:

- (i) equipment and information technology system failures;
- (ii) unanticipated and/or undetected quality problems or departures from specifications;
- (iii) costs arising from unforeseen claims and events that are not or cannot be covered by the client or Primero's insurance;
- (iv) defects as a result of faulty design, construction or improperly carried out maintenance service, whether within Primero's control or not;
- (v) plant and equipment constraints;
- (vi) external suppliers' or subcontractors' failures;
- (vii) delays to project timetables and scheduled maintenance shutdowns; and/or
- (viii) potential disruptions to operations resulting from industrial accidents, industrial disputes or natural disasters.

Whilst Primero endeavours to take appropriate action to mitigate these operational risks and, in some circumstances, insure against them, Primero cannot control the risks its clients are exposed to nor can it completely remove all possible risks relating to its own business. A disruption to the operations of Primero or its clients may have an adverse impact on the financial performance and/or financial position of Primero.

(t) Environmental Incidents and Claims

Primero operates in industries where environmental issues may potentially impact on contract performance or result in a complete shutdown of the project, causing a deferral or preventing receipt of anticipated revenues. There could be claims against Primero if it is considered partly or wholly liable. Such issues may potentially impact Primero's reputation and financial position.

(u) **Industrial Accidents**

Industrial accidents may occur with respect to Primero activities. In the event of a serious accident, for example resulting in a fatality, or a series of accidents on the same project, substantial claims may be brought against the client and/or Primero or the client may terminate their contractual arrangement with Primero. Such an accident could impact upon Primero's reputation, growth prospects and financial performance.

(v) **Growth**

There is a risk that Primero may be unable to manage its future growth successfully. There is also no guarantee Primero can maintain or grow the volume of its projects and its project pipeline going forward. This may also be negatively impacted beyond Primero's control, including a decline in industry growth.

(w) **Loss of Reputation**

Primero has developed a reputation in the name "Primero", which it uses in the services provided by it. There is a risk that any event by which Primero suffers a loss of reputation in one component of its business may adversely affect the other components of Primero's business by virtue of the common use of the name Primero.

Adverse publicity regarding professional negligence of engineers in other engineering services practices may impact on the overall reputation of the industry and accordingly, Primero.

(x) **Professional Negligence and Insurance**

Claims of professional negligence may be made against Primero. Primero maintains significant professional indemnity insurance to cover liabilities in the event of a claim of negligence. In the event of a successful claim for professional negligence being made against Primero, this may impact upon Primero by:

- (i) adversely affecting the reputation of Primero;
- (ii) the payment of excesses incurred in defending claims;
- (iii) the payment of any amount of liability that exceeds available insurance coverage; and
- (iv) increasing future insurance premiums.

Primero may be unable to obtain appropriate professional indemnity cover for all work, particularly given the state of the international insurance industry and the fact that Primero's work in overseas countries may be considered by insurers to present additional risk, depending upon political and litigious circumstances in the country in question.

(y) **Intellectual Property**

Primero's ability to leverage innovation and expertise depends upon its ability to protect intellectual property and any improvements to it. Such intellectual property may not be capable of being legally protected, and may be the subject of unauthorised disclosure or unlawfully infringed. Primero may incur substantial costs in asserting or defending its intellectual property rights.

(z) **Third Party Risk**

The operations of Primero require the involvement of a number of third parties, including suppliers, contractors and clients. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on Primero's operations and performance. It is not possible for Primero to predict or protect Primero against all such risks.

(aa) **Legal Risks**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern Primero's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Primero and Primero Shares. In addition there is a commercial risk that legal action may be taken against Primero in relation to commercial matters.

(bb) **Foreign Operations**

Primero may derive an increasing proportion of its revenue from operations in foreign countries, in particular Canada.

There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability and in certain cases expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from clients, brokers or government agencies. Primero could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact the success of Primero's international operations. There is also a risk that Australian government policies in relation to particular regions may also change, affecting trade and investment opportunities in that region.

(cc) **Remote Locations**

Primero frequently undertakes projects in remote locations. This may involve logistical difficulties for plant, equipment and materials, as well as skilled personnel and general labour. Some locations may involve inherent risk to personnel.

8.3 Risks related to NRW and the Combined Group

By accepting the NRW Offer, Primero Shareholders (other than Foreign Shareholders) will receive NRW Shares as consideration. For information in respect to the risks associated with holding shares in NRW, please refer to section 8 of the Bidder's Statement.

8.4 General investment risks relevant to holding Primero Shares and/or NRW Shares

(a) **Global economic conditions**

Primero's and NRW's funding position, financial performance and ability to execute its strategy is impacted by a variety of general global economic, political, social and business conditions. In addition to commodity prices and currency fluctuations, factors that have the potential to impact Primero's and NRW's business include inflation, interest rates and other general economic factors. Deterioration in any of these conditions could have an adverse impact on Primero and NRW.

Domestic and global conditions may affect the value of Primero Shares and NRW Shares. General worldwide economic conditions, changes in government policies,

investor perceptions, movements in interest rates and stock markets, prices of gold, variations in the operating costs and development and sustaining capital expenditure which Primero and NRW will require in the future will all impact the value of the Primero Shares and NRW Shares, some outside of the control of Primero and NRW.

(b) Force Majeure Risks

Events may occur within or outside Primero's and NRW's key markets that could impact upon relevant economies and the operations of Primero and NRW. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that could have an adverse effect on the demand for Primero's and NRW's services and the ability to conduct business.

(c) Share market risks

There can be no guarantee that there will continue to be an active market for Primero Shares or NRW Shares or that the price of Primero Shares or NRW Shares will increase. There may be relatively few buyers or sellers of Primero Shares or NRW Shares on ASX at any given time. This may affect the volatility of the trading price of Primero Shares and NRW Shares on ASX. It may also affect the prevailing trading price at which shareholders are able to sell their Primero Shares or NRW Shares on ASX.

(d) Tax risks

Future changes in tax laws and investment interests, including changes in interpretation or application of existing laws by the courts or taxation authorities, may affect taxation treatment of Primero securities or the holding or disposal of those securities. The tax consequences for individual investors in Primero or NRW will depend on the individual tax profile and circumstances of the investor and all investors should obtain independent taxation advice with respect to their personal position.

(e) Liquidity of Primero Shares

There may be relatively few potential buyers or sellers of Primero Shares or NRW Shares on the ASX at any time. This may increase the volatility of the price of Primero Shares or NRW Shares. It may also affect the prevailing market price at which shareholders are able to sell their Primero Shares and/or NRW Shares. This may result in a market price being received which is less than the price that shareholders paid to acquire their Primero Shares and/or NRW Shares.

(f) Adverse changes to government policy and laws

Changes in relevant laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the financial position and operations of Primero and NRW and ultimately Primero's and NRW's financial performance. These factors may ultimately affect the market price of Primero Shares and NRW Shares.

8.5 Risks related to the outcome of the NRW Offer

If you do not accept the NRW Offer, maintaining your investment in Primero may also involve the following risks, depending on the outcome of the NRW Offer:

- (a)** The Primero Shares acquired by NRW under the NRW Offer will reduce the number of Primero Shares that can be expected to be available for trading on ASX. This is likely to reduce the liquidity of Primero Shares, and may adversely affect the price at which they might otherwise be expected to trade.

- (b) If NRW acquires control of Primero, it will have the power to replace the Primero Directors with nominees of NRW and will have enhanced capacity to influence the manner in which Primero's business is conducted. NRW's intentions for Primero are detailed in section 6 of the Bidder's Statement, but those intentions may change, particularly as a result of the strategic review that NRW intends to undertake. Changes to the business which are implemented by NRW may mean that you may subsequently choose to dispose of your Primero Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.

Refer to Section 5 for further information in respect to the risks of not accepting the NRW Offer.

9 KEY FEATURES OF THE NRW OFFER

9.1 Offer Consideration

The consideration being offered by NRW is \$0.275 plus 0.106 NRW Share per Primero Share.

9.2 Offer Period

The NRW Offer is currently open for acceptance and will close at 7.00pm (Sydney time) on 22 January 2021, unless extended or withdrawn in accordance with the Corporations Act.

The circumstances in which NRW may extend or withdraw the NRW Offer are detailed in Sections 9.8 and 9.9.

9.3 Offer Conditions

The completion of the NRW Offer, and any contract that results from an acceptance of the NRW Offer, is subject to the fulfilment of the conditions outlined below in this Section 9.3 (together the **Offer Conditions**).

If any of the Offer Conditions are not satisfied or have not been waived by NRW, it will have an option as to whether to proceed with the NRW Offer or allow the NRW Offer to lapse. If the NRW Offer lapses, all acceptances of the NRW Offer will be void and of no effect.

(a) Minimum acceptance

At the end of the Offer Period, NRW has a relevant interest in at least 90.1% of all Primero Shares (on a fully diluted basis).

(b) Regulatory approvals

Before the end of the Offer Period, any approvals, consents, waivers, exemptions or declarations that are required by law, or by any Government Agency to permit:

- (i) the NRW Offer to be lawfully made to an accepted by Primero Shareholders; and
- (ii) the Takeover Bid to be completed,

are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication or intention to revoke, suspend, restrict, modify or not renew the same.

(c) No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by NRW or any Associate of NRW),

in consequence of or in connection with the NRW Offer (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the NRW Offer and the completion of the Takeover Bid or which requires the divestiture by NRW of any Primero Shares or

any material assets of Primero Group or any subsidiary of Primero.

(d) **No material adverse change**

(i) Subject to section 9.3(d)(ii), between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs:

- (A) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (B) information is disclosed or announced by Primero concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to NRW (whether or not becoming public),

(each of section 9.3(d)(i)(A), (B) and (C) being a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred, will occur or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (D) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Primero Group, taken as a whole; or
- (E) without limiting the generality of section 9.3(d)(i)(D):
 - (I) the effect of a diminution in the value of the consolidated net assets of Primero Group, taken as a whole, by at least \$6,000,000 against Primero's most recent audited financial statements as at the date of the Bid Implementation Agreement (calculated in accordance with the accounting principles and practices applied by Primero in respect of the financial year ended 30 June 2020); or
 - (II) the effect of a diminution in the consolidated earnings before interest, tax, depreciation and amortization (**EBITDA**), of the Primero Group, taken as a whole, to below \$15,000,000 for the financial year ending 30 June 2021 (calculated in accordance with the accounting principles and practices applied by Primero in respect of the financial year ended 30 June 2020),

provided that any events which have occurred after the date of the Bid Implementation Agreement which have a positive effect on the EBITDA and/or consolidated net assets of the Primero Group are taken into account in calculating whether the threshold in sections (I) and (II) have been reached.

(ii) Section 9.3(d)(i) will not apply to events, changes, conditions, matters, circumstances or things that:

- (A) have been fairly disclosed by Primero in its public filings with ASX before the Announcement Date;
- (B) have been fairly disclosed in the Data Room before the Announcement Date;

- (C) are required to be done or procured by Primero to be done pursuant to the Bid Implementation Agreement or the NRW Offer or the transactions contemplated by either;
- (D) arise as a result of any change in Australian accounting standards, changes in interest rates, changes in foreign exchange rates' or commodity prices whether in Australia or elsewhere;
- (E) comprise or result from general economic, political or business conditions, including material adverse changes in financial markets;
- (F) affect the resources construction industry in Australia generally;
- (G) relate to prospective contracts which are not the subject of binding agreements as at the date of the Bid Implementation Agreement;
- (H) comprise or resulting from acts of terrorism, war (whether or not declared), pandemic or natural disaster;
- (I) relate to the Excluded Claims; or
- (J) NRW has previously approved in writing.

(e) **No Prescribed Occurrences**

Between the Announcement Date and the date three business days after the end of the Offer Period (each inclusive), none of the following happen:

- (i) Primero converting all or any of its shares (as applicable) into a larger or smaller number of shares;
- (ii) other than in respect of the Permitted Buyback, Primero or any other Primero Group Member resolving to reduce its capital in any way;
- (iii) other than in respect of the Permitted Buyback, Primero or any other Primero Group Member:
 - (A) entering into a buyback agreement; or
 - (B) resolving to approve the terms of a buyback agreement;
- (iv) Primero or any other Primero Group Member issuing securities (including Primero Shares), or granting an option over securities or a performance right convertible into securities, or agreeing to make such an issue or grant such an option or performance right, other than:
 - (A) the Primero Options proposed to be issued immediately after the 2020 Primero AGM, subject to Primero obtaining the requisite Primero Shareholder approval;
 - (B) the issue of securities by one Primero Group Member to Primero or another Primero Group Member that is directly or indirectly wholly-owned by Primero; and
 - (C) the issue of new Primero Shares on the exercise of a Primero Option;
- (v) Primero or any other Primero Group Member issuing, or agreeing to issue, convertible notes;
- (vi) Primero or any other Primero Group Member disposing or agreeing to dispose, of the whole, or a substantial part, of the business or property of Primero Group as a whole;

- (vii) Primero or any other Primero Group Member granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of the business or property of Primero Group as a whole;
- (viii) Primero resolving that it be wound up or any other Primero Group Member resolving to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Primero or any other Primero Group Member;
- (x) the making of an order by a court for the winding up of Primero or any other Primero Group Member; or
- (xi) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Primero or any other Primero Group Member,

provided that a prescribed occurrence will not include a matter:

- (xii) required to be done or procured by Primero to be done pursuant to this agreement or the NRW Offer or the transactions contemplated by either;
- (xiii) required by law or by an order of a court of Government Agency;
- (xiv) fairly disclosed in the Data Room;
- (xv) fairly disclosed by Primero in its public filings with ASX and ASIC before the Announcement Date;
- (xvi) relating to any Permitted Indebtedness or Approved Financing;
- (xvii) relating to the Cash Incentive Payments; or
- (xviii) NRW has previously approved in writing.

(f) **No material acquisitions, disposals, capital expenditure or changes in the conduct of business**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Primero nor any other Primero Group Member:

- (i) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:
 - (A) the manner in which Primero or Primero Group as a whole, conducts its business; or
 - (B) the nature (including balance sheet classification), extent or value of the assets or liabilities of Primero or Primero Group as a whole;
- (ii) without limiting the generality Section 9.3(f)(i), enters into or agrees to enter into or announces any transaction which would, or would be likely to, involve Primero or any other Primero Group Member:
 - (A) acquiring or disposing of, or agreeing to acquire or dispose of, one or more trusts, companies or businesses (or any interest therein) other than an acquisition or disposal of one or more trusts in connection with the acquisition or disposal of an indirect interest in the underlying assets held by those trusts and where the value of the gross assets held directly or indirectly by those trusts is in aggregate less than \$1,000,000;

- (B) acquiring or disposing of, or agreeing to acquire or dispose of, any assets (including any real property, units in trusts or shares in companies) which have an aggregate value in excess of \$500,000;
- (C) entering into any contract or commitment that is not in the ordinary course of business, other than a contract or commitment in relation to a Competing Proposal where permitted under exclusivity arrangements in the Bid Implementation Agreement or a contract or commitment entered into to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property),

except for such acquisitions, disposals, agreements, waivers or compromises as have been fairly disclosed by Primero in its public filings with ASX, or in the Data Room, before the date of the Bid Implementation Agreement.

(g) **No litigation on foot or pending**

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any Primero Group Member which may reasonably result in a judgement of \$1,000,000 or more is commenced, is threatened to be commenced, is announced, or is made known to NRW (whether or not becoming public) or Primero, other than that which is fairly disclosed by Primero in its public filings with ASX, or is fairly disclosed in the Data Room as at the date of the Bid Implementation Agreement.

(h) **Financing**

Other than with the prior written consent of NRW, between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) except for any transaction fairly disclosed by Primero in its public filings with the ASX, or in the Data Room, prior to the date of the Bid Implementation Agreement, no Primero Group Member:
 - (A) incurs, increases or guarantees any financial indebtedness of any kind (including any debt), other than incurring or increasing Permitted Indebtedness or in relation to an Approved Financing, or incurring or increasing any financial indebtedness to Primero or to a Primero Group Member that is directly or indirectly wholly-owned by Primero; or
 - (B) provides any financial accommodation to any entity other than Primero or to a Primero Group Member that is directly or indirectly wholly-owned by Primero,

in either case, of an amount in excess of \$1,000,000.

(i) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Primero does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(j) **No material breach of the Bid Implementation Agreement**

Between the Announcement Date and the end of the Offer Period (each inclusive), NRW does not become entitled to terminate the Bid Implementation Agreement as a result of any of the representations and warranties given by Primero under the Bid Implementation Agreement becoming untrue or incorrect in any material respect.

(k) **Option cancellation**

Prior to the end of the Offer Period, each Primero Optionholder (other than the Other Option Holders) still holding Primero Options has accepted the Primero Options Offer and each Primero Optionholder and Primero have executed and delivered to NRW Option Cancellation Deeds.

9.4 Nature and benefit of Offer Conditions

- (a) The Offer Conditions are conditions subsequent. The non-fulfilment of any Offer Condition does not, until the end of the Offer Period (or in the case of the conditions in section 9.3(e), until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell Primero Shares (which have been accepted into the NRW Offer) from arising, but entitles NRW by written notice, to rescind the contract resulting from acceptance of the NRW Offer.
- (b) Subject to the Corporations Act, NRW alone is entitled to the benefit of the NRW Offer Conditions, or to rely on any non-fulfilment of any of them.
- (c) Each Offer Condition is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

9.5 Status of Offer Conditions

Section 10.15 of the Bidder's Statement states that NRW will give the notice on the status of the Offer Conditions on 14 January 2021 (subject to extension in accordance with the Corporations Act if the Offer Period is extended). NRW is required to detail in the notice:

- (a) whether the NRW Offer is free of the Offer Conditions; and
- (b) NRW's voting power in Primero at that time.

9.6 Lapse of NRW Offer

The NRW Offer will lapse if the Offer Conditions are not waived or satisfied by the end of the Offer Period (or, in the case of the Prescribed Occurrences condition in Section 9.3(e), it has not been satisfied by the end of the Offer Period and is not waived by NRW by the end of the third Business Day after the end of the Offer Period). If the NRW Offer lapses, all contracts resulting from acceptance of the NRW Offer and all acceptances that have not yet resolved in binding contracts are void and you will retain ownership of your Primero Shares.

9.7 Variation of the NRW Offer

NRW may vary the NRW Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Consideration, provided the varied terms and conditions are not less favourable to Primero Shareholders than the NRW Offer. If NRW varies the NRW Offer in any of those ways, it must give written notice to ASIC and Primero and send you a copy of that notice (provided, however, that NRW will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the NRW Offer, the NRW Offer is unconditional and the variation merely extends the Offer Period).

9.8 Extension of Offer Period

NRW may extend the Offer Period at any time before giving the notice on the status of the Offer Conditions (refer to Section 9.5 above) while the NRW Offer is subject to the Offer Conditions (and can also extend the Offer Period after giving that notice in certain narrow circumstances involving a competing bid). However, if the NRW Offer is unconditional, NRW may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, NRW's Voting Power in Primero increases to more than 50% or the NRW Offer is varied to improve the Offer Consideration. In this case the Offer Period will be

automatically extended so that it ends 14 days after NRW's voting power in Primero increases to more than 50% or the improvement in the Offer Consideration (as applicable).

9.9 Withdrawal of NRW Offer

NRW may not withdraw the NRW Offer if you have already accepted it. However, if the Offer Conditions have not been satisfied or waived at the end of the Offer Period (or, in the case of the Prescribed Occurrences condition in Section 9.3(e), it has not been satisfied by the end of the Offer Period and is not waived by NRW by the end of the third Business Day after the end of the Offer Period), then all acceptances will be void. Before you accept the NRW Offer, NRW may withdraw the NRW Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.10 Effect of acceptance

Once you have accepted the NRW Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the NRW Offer or otherwise dispose of your Primero Shares, except as follows:

- (a) if, at the end of the Offer Period, an Offer Condition has not been satisfied or waived (or in the case of the Prescribed Occurrences condition in Section 9.3(e), it has not been satisfied by the end of the Offer Period and is not waived by three Business Days after the end of the Offer Period), the NRW Offer will automatically terminate, and you will then be free to deal with your Primero Shares; or
- (b) if the NRW Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when NRW has to meet its obligations under the NRW Offer, and, at the time, the NRW Offer is subject to one or more Offer Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

If NRW improves the Offer Consideration, all Primero Shareholders who accept the NRW Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

The effect of acceptance of the NRW Offer is further detailed in section 10.8 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Primero Shares and the representations and warranties that you are deemed to give to NRW by accepting the NRW Offer.

9.11 When you will receive the Offer Consideration

In summary, subject to section 10.9 of the Bidder's Statement and the Corporations Act, NRW will provide the consideration due to you for your Primero Shares on or before the earlier of:

- (a) one month after the date on which you validly accept the NRW Offer in respect of your Primero Shares or, within one month after the Offer is declared or becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

Refer to section 10.9 of the Bidder's Statement for further details on when you would be paid the Offer Consideration by NRW.

9.12 Foreign Shareholders

For the purposes of the NRW Offer, a Primero Shareholder is considered to be a Foreign Shareholder if their address in the register of members is a place outside of Australia, New Zealand, Canada, the United States of America or Thailand, unless NRW determines (in its absolute discretion) that it is lawful, not unduly onerous and not unduly impracticable to make

the NRW Offer to that Primero Shareholder in the relevant jurisdiction (including those jurisdictions other than Australia) and to issue to that Primero Shareholder with NRW Shares, on the completion of the NRW Offer and that it is lawful for that Primero Shareholder to participate in the NRW Offer by the law of the relevant jurisdiction (including those jurisdictions other than Australia) (**Foreign Shareholder**).

If you have accepted the NRW Offer and you are a Foreign Shareholder, you will receive the cash component of the Offer Consideration but you will not be entitled to receive NRW Shares as consideration for your Primero Shares. Instead NRW will:

- (a) arrange for the issue to an ASIC approved sale nominee (**Sale Nominee**) of the number of NRW Shares to which you and all other Foreign Shareholders would have been entitled
- (b) cause those NRW Shares to be offered for sale on ASX as soon as practicable after the end of the Offer Period, in such manner, at such price and on such other terms and conditions as are determined by the Sale Nominee; and
- (c) promptly pay, or procure that the Sale Nominee pays, to you the amount ascertained in accordance with the formula detailed in section 10.10(a)(iii) of the Bidder's Statement.

You will be paid your share of the net proceeds of the sale of the NRW Shares by the Sale Nominee in Australian currency.

Payment will be made by cheque posted to you at your risk by pre-paid mail as soon as practicable and in any event within the period required by the Corporations Act to your address in the most up to date copy of the Primero register provided to NRW before your consideration cheque is produced.

Under no circumstances will interest be paid on your share of the net proceeds of the sale of NRW Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

Refer to sections 9.8 and 10.10 of the Bidder's Statement for further details.

9.13 Compulsory acquisition

NRW has indicated in the Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Primero Shares. NRW will be entitled to compulsorily acquire any outstanding Primero Shares for which it has not received acceptances on the same terms as the NRW Offer if, during or at the end of the Offer Period, NRW (taken together with its associates) has a Relevant Interest in at least 90% (by number) of Primero Shares and NRW receives valid acceptances of at least 75% (by number) of the Primero Shares.

If the compulsory acquisition thresholds are met, NRW will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Primero Shareholders who have not accepted the NRW Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied. A Primero Shareholder has statutory rights to challenge compulsory acquisition, however this will require the relevant Primero Shareholder to establish that the terms of the NRW Offer do not represent fair value for the Primero Shares. Primero Shareholders should be aware that, if their Primero Shares are acquired compulsorily, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

It is also possible that NRW will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Primero Shares. NRW would then have rights to compulsorily acquire Primero Shares not owned by it within six months of becoming the holder of 90%. NRW's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

9.14 Australian taxation implications

Section 7 of the Bidder's Statement outlines the general Australian tax implications of accepting the NRW Offer. The general outline is intended as a guide only for Primero Shareholders. The tax consequences for you will depend on your individual circumstances and you should obtain your own professional advice from a qualified tax adviser.

You should not rely on anything in this Target's Statement or the Bidder's Statement as advice about your own affairs. You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the NRW Offer for your Primero Shares.

10 ADDITIONAL INFORMATION

10.1 Bid Implementation Agreement

On 24 November 2020, NRW and Primero entered into the Bid Implementation Agreement, which sets out the basis on which NRW would make the NRW Offer and the respective obligations of NRW and Primero in relation to the NRW Offer.

This section contains a summary of some of the material terms of the Bid Implementation Agreement.

A complete copy of the Bid Implementation Agreement was released to the ASX on 24 November 2020.

(a) NRW Offer

The NRW Offer is for \$0.275 cash plus 0.106 NRW Shares for each Primero Share. The NRW Offer made in respect of Primero Shares will extend to Primero Shares that are issued during the Offer Period as a result of the exercise of Primero Options that are on issue as at the Record Date, subject always to any necessary ASIC modifications and/or ASX waivers being obtained to extend the NRW Offer to those Primero Shares.

(b) Extension of Offer Period

The Offer Period will last for at least one month, subject to NRW's right to extend the period in accordance with the Corporations Act.

(c) Exclusivity

Clause 6 of the Bid Implementation Agreement sets out the exclusivity obligations of Primero in connection with the implementation of the Takeover Bid. A summary of the key exclusivity obligations of Primero during the Exclusivity Period is detailed below:

- (i) (no talk and no shop) Primero must not, and must ensure that each of its Related Persons do not, directly or indirectly:
 - (A) (no shop) solicit, invite, encourage or initiate any inquiry, expression of interest, offer proposal, negotiations or discussions by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, a Competing Proposal or communicate to any person an intention to do anything referred to above; or
 - (B) (no talk):
 - (I) facilitate, participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer or proposal by any person to make, or which would reasonably be expected to encourage or lead to the making of, a Competing Proposal or participate in or continue any negotiations or discussions with respect to any Competing Proposal;
 - (II) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
 - (III) disclose or otherwise provide or make available any non-public information about the business or affairs of Primero Group to a Third Party (other than a Government Agency that has the right to obtain that information and has sought it) in connection with, with a view to obtaining, or which would

reasonably be expected to encourage or lead to the formulation, receipt or announcement of, a Competing Proposal (including providing such information for the purposes of the conduct of due diligence investigations in respect of Primero Group) whether by that Third Party or another person; or

- (IV) communicate to any person an intention to do anything referred to above.
- (ii) (notification of approaches) During the Exclusivity Period, Primero must immediately notify NRW in writing if Primero or any of its Related Persons becomes aware of any:
- (A) written approach or written attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
 - (B) written proposal made to Primero or any of its Related Persons in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - (C) provision by Primero or any of its Related Persons of any non-public information concerning the business or operations of Primero or Primero Group to any Third Party (other than a Government Agency) in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise.

A notification must include the identity of the relevant person making or proposing the relevant Competing Proposal and all material terms and conditions of the Competing Proposal (including the implied Offer Consideration per Primero Share).

- (iii) (fiduciary exception) The no talk and notification of approaches are subject to a 'fiduciary exception' where in the opinion of Primero Board, acting in good faith after receiving written advice from its external legal adviser and financial advisers, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal and compliance with the no talk provision would constitute, or would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of Primero, provided that the Competing Proposal was not directly or indirectly brought about by, or facilitated by a breach of the exclusivity clause in the Bid Implementation Agreement.
- (iv) (matching right) During the Exclusivity Period, Primero must not, and must procure that each Primero Group Member does not, enter into any legally binding agreement pursuant to which one or more of a Third Party, Primero or any Primero Group Member proposes or propose to undertake or give effect to a Competing Proposal and must procure that none of its directors change their recommendation in favour of the Takeover Bid, publicly recommend a Competing Proposal or make any public statement to the effect that they may do so at a future point unless:
 - (A) the Primero Board, acting in good faith and in order to satisfy what Primero Directors consider to be their statutory or fiduciary duties (having received written legal advice from their external legal adviser), determine that the Competing Proposal would be or would be reasonably likely to be a Superior Proposal;

- (B) Primero has provided NRW with the material terms and conditions of the Competing Proposal, including price and the identity of the Third Party making the Competing Proposal;
- (C) Primero has given NRW at least five Business Days after the date of the provision of the information to announce or formally provide to Primero proposed amendments to the Agreed Bid Terms (as that term is defined in the Bid Implementation Agreement) or a new proposal (**NRW Counterproposal**); and
- (D) either:
 - (I) NRW has not announced or otherwise formally provided to Primero a NRW Counterproposal by the expiry of the five Business Day period; or
 - (II) NRW has announced or otherwise formally provided to Primero a NRW Counterproposal by the expiry of the five Business Day period and the Primero Board has reviewed the NRW Counterproposal and concluded that the NRW Counterproposal does not constitute a Matching or Superior Proposal (as defined below).
- (E) If NRW formally provides to Primero, or announces, a NRW Counterproposal that constitutes a superior proposal to the terms of the Competing Proposal by the expiry of the five Business Day period above, Primero must procure that the Primero Board considers the NRW Counterproposal and if the Primero Board, acting reasonably and in good faith, determines that the NRW Counterproposal would provide an equivalent or superior outcome for Primero Shareholders as a whole (other than those associated with NRW) compared with the Competing Proposal (**Matching or Superior Proposal**), taking into account all of the terms and conditions of NRW Counterproposal, then Primero and NRW must use reasonable endeavours to agree the amendments to this agreement and the Takeover Bid (as applicable) that are reasonably necessary to reflect the NRW Counterproposal and to implement the NRW Counterproposal, in each case as soon as reasonably practicable, and Primero must use reasonable endeavours to procure that each of the directors of Primero continues to recommend the Takeover Bid (as modified by the NRW Counterproposal) to Primero Shareholders.
- (F) The provisions set out in this section 10.1(c)(iv) have repeat application so that if any further proposal is made after NRW has made an NRW Counterproposal, NRW will again have the right to match the further proposal.

(d) **Reimbursement fee**

Clause 7 of the Bid Implementation Agreement sets out the circumstances in which Primero has to pay a reimbursement fee of \$1,000,000 to NRW. The reimbursement fee will be payable if any one of the following events occurs:

- (i) During the Exclusivity Period, any Primero Director fails to recommend that Primero Shareholders accept the Takeover Bid, withdraws, adversely revises or adversely qualifies their recommendation that Primero Shareholders accept the Takeover Bid, or recommends that Primero Shareholders accept or vote in favour of or otherwise supports or endorses a Competing Proposal of any kind that is announced during the Exclusivity Period, unless Primero is entitled to terminate pursuant to clause 8 of the Bid Implementation Agreement.

- (ii) A Competing Proposal of any kind is announced during the Exclusivity Period and, within 12 months of the date of such announcement, the Third Party or any Associate of that Party:
 - (A) completes a Competing Proposal of a kind referred to in the definition of Competing Proposal;
 - (B) enters into a binding agreement, arrangement or understanding with Primero or another Primero Group Member to undertake or give effect to a Competing Proposal; or
 - (C) acquires (either alone or in aggregate) a relevant interest in, and an unconditional right to acquire, more than 50% of Primero Shares or acquires (either alone or in aggregate) Control of Primero.
- (iii) NRW has validly terminated the Bid Implementation Agreement pursuant to a material breach by Primero of the Bid Implementation Agreement or a representation or warranty given by Primero becoming untrue.

(e) **Representations and warranties**

NRW and Primero, in clause 9 to the Bid Implementation Agreement, have each given representations and warranties to the other, customary for a transaction of this nature.

(f) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Primero does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(g) **Third party consents**

To the extent that any Third Party Consents have not already been obtained on terms acceptable to NRW (acting reasonably), at NRW's request:

- (i) Primero must, to the extent it has not already done so, in conjunction with NRW, apply to the counterparties from which these Third Party Consents are required;
- (ii) Primero must use, and must procure that each relevant Related Person of Primero uses, in conjunction with NRW, reasonable endeavours to obtain the Third Party Consents as expeditiously as possible; and
- (iii) Primero must work, and must procure that each relevant Related Person of Primero works, co-operatively with NRW in seeking to obtain those Third Party Consents.

(h) **Termination**

Clause 8 of the Bid Implementation Agreement sets out the termination rights of each party. These are summarised below.

- (i) NRW may terminate the Bid Implementation Agreement if at any time before the end of the Offer Period:
 - (A) any Primero Director fails to recommend that Primero Shareholders accept the NRW Offer, or having recommended the NRW Offer, withdraws, revises, revokes or qualifies their recommendation in relation to the Takeover Bid;
 - (B) other than in respect of a breach of a representation or warranty provided by Primero, Primero is in material breach of this agreement

and, to the extent that the breach is capable of remedy, that breach is not remedied by Primero within 5 Business Days of it receiving notice from NRW of the details of the breach and NRW's intention to terminate;

- (C) a representation or warranty given by Primero is or becomes untrue, has not been remedied within 5 Business Days of notice of the breach and this is material in the context of the Takeover Bid taken as a whole;
 - (D) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed or NRW, acting reasonably, believes that there is no realistic prospect of a successful appeal or review; or
 - (E) NRW withdraws the Takeover Bid or the Takeover Bid lapses for any reason, including non-satisfaction of a condition to the Takeover Bid.
- (ii) Primero may terminate the Bid Implementation Agreement if at any time before the end of the Offer Period:
- (A) any Primero Director fails to recommend that Primero Shareholders accept the NRW Offer, or having recommended the NRW Offer, withdraws, revises, revokes or qualifies their recommendation in relation to the Takeover Bid, in either case as a result of the Primero Board having determined that Primero has received a Superior Proposal, provided that:
 - (I) the Superior Proposal did not emanate from a breach by Primero of any of its exclusivity obligations under the Bid Implementation Agreement;
 - (II) no NRW Counterproposal has arisen either because of the operation of the provisions under section 10.1(c)(iv)(D) above; and
 - (III) Primero has paid NRW the reimbursement fee detailed in section 10.1(d) above prior to exercising its termination right;
 - (B) other than in respect of a breach of a representation or warranty provided by NRW, NRW is in material breach of this agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by NRW within 5 Business Days of it receiving notice from Primero of the details of the breach and Primero's intention to terminate;
 - (C) a representation or warranty given by NRW is or becomes untrue, has not been remedied within 5 Business Days of notice of the breach and this is material in the context of the Takeover Bid taken as a whole;
 - (D) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed or Primero, acting reasonably, believes that there is no realistic prospect of a successful appeal or review; or
 - (E) NRW withdraws the Takeover Bid or the Takeover Bid lapses for any reason, including non-satisfaction of a condition to the Takeover Bid.

(i) **Escrow arrangements**

Clause 4.15 of the Bid Implementation Agreement requires Primero to procure that Primero Key Management Personnel enter into voluntary escrow agreements with NRW such that, in the event that those persons decide to accept the NRW Offer, they agree not to sell the NRW Shares received as consideration for the NRW Offer for a period of 18 months (for half of that consideration) and 24 months (for the balance) from the date of the issue. This obligation has been discharged.

(j) **Customary provisions**

The Bid Implementation Agreement contains such other provisions as is customary for an agreement of this nature including reciprocal release provisions, conduct of business restrictions and board appointment arrangements.

The Bid Implementation Agreement also automatically terminates on the NRW Offer closing date. Termination of the Bid Implementation Agreement of itself does not necessarily amount to a breach of an Offer Condition. A full copy of the Bid Implementation Agreement was included in the joint announcement made by NRW and Primero to ASX on the Announcement Date.

10.2 Interests of Primero Directors

(a) **Primero Director Interests and Details of the Offer Consideration they will receive under the NRW Offer**

The number, description and amount of Primero securities in which each Primero Director has a Notifiable Interest as at 4 December 2020 (being the last practicable date prior to the date of this Target's Statement) are:

Director	No. of Shares held	Percentage shareholding	No. of Options held	Offer Consideration ¹
Cameron Henry	23,896,872	13.97%	2,422,791	\$7,237,907 in cash and 2,789,884 NRW Shares
Mark Connelly	177,632	0.10%	74,963	\$69,463 in cash and 26,775 NRW Shares
Dean Ercegovic	18,791,060	11.00%	1,021,031	\$5,448,325 in cash and 2,100,082 NRW Shares
Brett Grosvenor	9,135,177	5.35%	1,440,110	\$2,908,204 in cash and 1,120,980 NRW Shares
Kristie Young	-	-	51,960	\$14,289 in cash and 5508 NRW Shares
Bryn Hardcastle	-	-	51,960	\$14,289 in cash and 5508 NRW Shares

Note:

1. Assumes all of the Primero Options held are exercised and are acquired through the NRW Offer (whether by acceptance or compulsory acquisition).

Other than as disclosed in this Target's Statement, no other benefits are provided to the Primero Directors under the NRW Offer.

Other than disclosed to ASX, no Primero Director acquired or disposed of a Relevant Interest in any Primero securities in the four month period ending on the date immediately before the date of this Target's Statement.

However, Primero Directors may indirectly, and without their knowledge, hold Primero Shares through memberships of professional superannuation or investment funds where such funds hold Primero Shares for investment purposes.

In accordance with the terms and conditions of the Primero Options granted to the Primero Directors, if after the grant of the Primero Option and before the expiry date, there is a Change of Control (as defined in the Employee Incentive Plan), the Primero Directors may exercise any or all of their Primero Options, regardless of whether the vesting conditions have been satisfied.

Among other circumstances a change of control for the purpose of the Employee Incentive Plan occurs if a bona fide takeover bid (such as the NRW Offer) is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of Primero's issued shares. Upon such a change of control occurring, the Primero Options will automatically vest and will be exercisable into Primero Shares.

Further, under the terms of the existing employee invitation letters issued under the Employee Incentive Plan, Mr Cameron Henry will be entitled to receive \$547,105 in cash and Mr Dean Ercegovic will be entitled to receive \$230,493 in cash upon the occurrence of a Change of Control.

The employment arrangements for Messrs Cameron Henry, Dean Ercegovic and Brett Grosvenor will remain valid and subsisting following completion of the NRW Offer, with no additional benefits accruing.

(b) NRW marketable securities

There are no marketable securities of NRW controlled or held by, or on behalf of, any Primero Director as at 4 December 2020 (being the last practicable date prior to the date of this Target's Statement).

(c) Participation in the NRW Offer

Except as detailed in this Section 10.2 or elsewhere in this Target's Statement, all Directors will be treated in the same way under the NRW Offer as all other Primero Shareholders.

(d) Interests of Directors in contracts entered into by NRW

Except as detailed in this Section 10.2 or elsewhere in this Target's Statement, none of the Primero Directors have any interests in contracts entered into by NRW.

(e) Other agreements or arrangements with Directors in connection with the NRW Offer

Except as detailed in this Section 10.2 or elsewhere in this Target's Statement there are no other agreements or arrangements between any Primero Director and any other person in connection with or conditional upon the outcome of the NRW Offer, other than in their capacity as a Primero Shareholder or Primero Optionholder (as applicable).

Except as detailed in this Section 10.2 or elsewhere in this Target's Statement no Director has a material interest in relation to the NRW Offer other than in their capacity as a Primero Shareholder or Primero Optionholder (as applicable).

10.3 Agreements or arrangements with Directors and executive officers

(a) Deeds of indemnity, access and insurance

In addition to their respective contracts of engagement, Primero has entered into deeds of indemnity, insurance and access with the Primero Directors and various executive officers, on customary terms.

Primero pays premiums in respect of a directors and officers insurance policy for the benefit of the Primero Directors and executive officers. Under the terms of the Bid Implementation Agreement, NRW acknowledges that Primero may, before the end of the Offer Period, enter into arrangements, and incur costs, to secure directors and officers run-off insurance for up to such seven year period, and that any actions to facilitate that insurance or in connection with such insurance will not be a breach of any provision of the Bid Implementation Agreement.

(b) Other termination benefits

Except as detailed in this Section 10.3(b) (including the termination notice and redundancy entitlements in the table below) or elsewhere in this Target's Statement, there are no payments or other benefits that are proposed to:

- (i) be made or given to any director, secretary (or other existing key management personnel, details of whose remuneration are included in the Remuneration Report) of Primero as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in Primero or in a Related Body Corporate of Primero; or
- (ii) be made or given to any director, secretary (or other existing key management personnel, details of whose remuneration are included in the Remuneration Report) of any Related Body Corporate of Primero as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that body corporate or in Primero.

10.4 Substantial holders

As at 7 December 2020, the following persons had notified Primero that they had Voting Power in 5% or more of Primero Shares:

Shareholder	No. of Shares held	%
Cameron Henry and Associated Entities	23,869,872	13.97%
Dean Ercegovic and Associated Entities	18,791,060	11.00%
Perennial Value Management Limited	14,091,482	8.25%
Peter Grigsby and Associated Entities	14,062,595	8.23%
Ben Davies and Associated Entities	9,491,082	5.56%
Credit Suisse Holdings (Australia) Limited	9,223,129	5.40%
Brett Grosvenor and Associated Entities	9,135,177	5.35%

10.5 ASX announcements

The following announcements have been lodged on Primero's ASX platform since the release of its annual financial report for the year ended 30 June 2020 on 25 September 2020:

Announcement	Date
Appendix 4G and Corporate Governance Statement	25 September 2020
Preferred EPC Status Award	29 September 2020

Announcement	Date
STA: Corburn Project Process Plant EPC Package	29 September 2020
Date of AGM and Closing Date for Director Nominations	30 September 2020
Date of AGM and Closing Date for Director Nominations (amend)	30 September 2020
New Contract Awards	2 October 2020
Notice of Annual General Meeting/Proxy Form	23 October 2020
Becoming a substantial holder from MS	13 November 2020
Becoming a substantial holder from MUFG	16 November 2020
BYH: \$5 Million Cash Offer for Manganese Interests	18 November 2020
Lapse of Unlisted Options	18 November 2020
Takeover Offer for Primero Group Limited	24 November 2020
Takeover Offer for Primero Group – Presentation	24 November 2020
Recommended Takeover Offer for Primero Group	24 November 2020
Results of Meeting	25 November 2020
Appendix 3C – Buy-Back	27 November 2020
Appendix 3E – Daily Buy-Back Notice	27 November 2020
Appendix 3F – Final Buy-Back Notice	27 November 2020
Appendix 3G	27 November 2020
Appendix 2A	27 November 2020
Change of Director's Interest – Cameron Henry	27 November 2020
Change of Director's Interest – Dean Ercegovic	27 November 2020
Change of Director's Interest – Brett Grosvenor	27 November 2020
Change of Director's Interest – Mark Connelly	27 November 2020
Change in substantial holding	1 December 2020
NWH: Bidder's Statement	2 December 2020
Becoming a substantial holder from NWH	2 December 2020
NWH: Despatch of Bidder's Statement completed	2 December 2020
Ceasing to be a substantial holder from MS	2 December 2020
Ceasing to be a substantial holder from MUFG	2 December 2020
Change in substantial holding	3 December 2020
Trading Halt	4 December 2020
Wartsila Contract Update	7 December 2020
Becoming a substantial holder	7 December 2020

10.6 Consents

(a) Consents

The following parties have given and have not withdrawn, before the date of issue of this Target's Statement, their written consent to be named in this Target's Statement in the form and context in which they are named:

- (i) Thomson Geer as Australian legal advisers to Primero;

- (ii) Moore as auditor of Primero and its consolidated group and Moore has also consented to the inclusion in this Target's Statement of its audit opinions for the financial year ended 30 June 2018, 2019 and 2020 in relation to Primero and its consolidated group;
- (iii) Sternship Advisers Pty Ltd as financial adviser to Primero; and
- (iv) Automic Pty Ltd as the Share Registry.

NRW has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named and to the inclusion of the NRW Information in this Target's Statement in the form and context in which they appear. For the purposes of the consent, the term "NRW Information" means information relating to NRW in the following sections of the Target Statement:

- (i) Section 7 – Information about NRW; and
- (ii) the use of the information contained in Sections 2 and 5 and in other sections of the Target's Statement (but expressly limited to that NRW information being accurate), as it relates to NRW.

(b) **Disclaimer**

Each person referred to in Section 10.6(a):

- (i) has not authorised or caused the issue of this Target's Statement;
- (ii) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in Section 10.6(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Target's Statement other than a reference to its name and any statement which has been included in this Target's Statement with the consent of that person referred to in Section 10.6(a).

(c) **Directors**

Each of the Primero Directors has given and not withdrawn their consent to:

- (i) be named in this Target's Statement in the form and context in which they are named; and
- (ii) statements attributable to them being included in this Target's Statement in the form and context in which they appear.

(d) **Other**

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement. Refer to Section 6.14.

In accordance with ASIC Class Order 13/521, any Primero Shareholder who would like to receive a copy of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting Primero.

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (i) fairly representing a statement by an official person; or
- (ii) from a public official document or published book, journal or comparable publication.

Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from IRESS without consent.

10.7 Other material information

There is no other information that Primero Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the NRW Offer, being information which:

- (a) is reasonable for Primero Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of the Primero Directors.

In deciding what information should be included in this Target's Statement, the Primero Directors have had regard to, amongst other things, the time available to Primero to prepare this Target's Statement and the matters which Primero Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Primero Shareholders and information available from public sources such as the ASX, ASIC and Primero's website at www.primero.com.au.

11 AUTHORISATION

This Target's Statement is dated 8 December 2020 and was approved pursuant to a unanimous resolution passed by the Primero Directors.

Signed for and on behalf of Primero Group Limited

A handwritten signature in black ink, appearing to read 'Mark Connolly', with a stylized flourish at the end.

Mr Mark Connolly

Non-Executive Chairman

12 GLOSSARY

In this Target's Statement, unless the context requires otherwise:

\$ or AUD means the lawful currency of Australia.

Announcement Date means 24 November 2020, the date on which the Bid Implementation Agreement was announced and released on the ASX announcement platform.

Approved Financing has the meaning given in the Bid Implementation Agreement.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning detailed in Division 2 Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to the Bid Implementation Agreement.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

Bid Implementation Agreement has the meaning given in Section 10.1.

Bid means the off-market takeover bid by NRW for all Primero Shares (including any Primero Shares to be issued upon exercise of Primero Options) pursuant to the NRW Offer, under Chapter 6 of the Corporations Act.

Bidder's Statement means the bidder's statement dated 2 December 2020 issued by NRW under Part 6.5 of the Corporations Act relating to the NRW Offer.

Business Day means a day that is not a Saturday, Sunday or a public holiday on which banks are open for general banking business in Sydney, New South Wales.

Cash Incentive Payments means the specific employee incentive cash payments totalling \$905,253 to be made by Primero to specified Primero employees as disclosed in the Data Room.

CGT means capital gains tax.

CHESS Holding means a holding of Primero Shares on the CHESS subregister of Primero (being a register administered by ASX Settlement and which records uncertificated holdings of shares).

Combined Group means NRW and its Subsidiaries, following NRW acquiring control of Primero.

Competing Proposal mean any proposal, offer, agreement or transaction by a party (other than NRW or one of its Related Bodies Corporate or Associates) that, if completed, would mean:

- (a) a Third Party (either alone or together with any Associate) would directly or indirectly:
 - (i) acquire a relevant interest, or an economic interest under a cash settled equity swap or similar derivative or right to acquire either a legal, beneficial or economic interest, in more than 10% of Primero Shares on issue;
 - (ii) acquire or obtain an interest (including an economic interest) in all or the majority of the business conducted by, or assets or property of, the Primero Group;
 - (iii) acquire Control of Primero or any Primero Group Member;

- (iv) a person may otherwise directly or indirectly acquire, merge with Primero or any Primero Group Member; or
- (b) that the Takeover Bid could not be implemented or implementation of the Takeover Bid would be materially adversely affected,

in each case whether by way of takeover bid, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership, or other transaction or arrangement with a similar outcome.

For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal

Control has the meaning given to that term in section 50AA of the Corporations Act and Controlled has the corresponding meaning.

Controlling Participant has the same meaning (in relation to your Primero Shares) as in the ASX Settlement Operating Rules (normally your broker).

Corporations Act means the Corporations Act 2001 (Cth).

Data Room means the data room maintained by Primero in relation to the potential transactions contemplated by the takeover bid, subject to such additions or exclusions of documents as the parties have agreed.

EBITDA has the meaning given in Section 9.3(d).

Employee Incentive Plan means Primero's existing employee incentive plan.

EPC means engineering, procurement and construction.

Excluded Claims means those claims agreed in writing by Primero and NRW prior to the date of the Bid Implementation Agreement to be "Excluded Claims".

Exclusivity Period means the period from the date of the Bid Implementation Agreement until:

- (a) the date of termination of the Bid Implementation Agreement;
- (b) the end of the Offer Period, and
- (c) the date that is 6 months after the date of the Bid Implementation Agreement,

Foreign Shareholder has the meaning given in Section 9.12.

FY means financial year.

Government Agency means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASX, ASIC and any federal or state-based gaming authority.

GST means the tax levied under the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Independent Board Committee means the independent board committee comprised of Mr Mark Connelly, Mr Bryn Hardcastle and Ms Kristie Young, being the non-executive directors of Primero.

Listing Rules means the official listing rules of ASX, as amended from time to time.

Moore means Moore Australia Audit (WA).

NAB has the meaning given in Section 6.8(a).

NRW means NRW Holdings Limited ACN 118 300 217.

NRW Counterproposal has the meaning given in Section 10.1(c)(iv).

NRW Group means NRW and its Subsidiaries.

NRW Group Member means a member of the NRW Group.

NRW Information has the meaning given in Section 10.6.

NRW Loan Facility has the meaning given in Section 6.8(b).

NRW Offer or **Offer** means the offer by NRW under Chapter 6 of the Corporations Act contained in the Bidder's Statement.

NRW Share means a fully paid ordinary share in NRW.

NRW Shareholder means a holder of an NRW Share.

Notifiable Interest has the same meaning as the term "notifiable interest of a director" as defined in the Listing Rules.

Offer Conditions has the meaning given in Section 9.3.

Offer Period means the period during which the NRW Offer will remain open for acceptance.

Offer Consideration means \$0.275 plus 0.106 NRW Share per Primero Share.

Option Cancellation Deeds has the meaning given in Section 6.11.

Other Option Holders means the holders of: (i) 1,000,000 Primero Options expiring 9 July 2021 and exercisable at \$0.50; and (ii) 1,000,000 Primero Options expiring 9 July 2021 and exercisable at \$0.60.

Permitted Buyback means the proposed buyback of 913,750 Primero Shares as detailed in the notice of the 2020 Primero AGM announced to the market on 23 October 2020.

Permitted Indebtedness means:

- (a) any financial indebtedness, including any debt, under the financial accommodation available to the Primero Group from its financiers as at the Bid Implementation Agreement, a facility agreement or credit approved term sheet (as such financial accommodation, agreement or term sheet may be amended to reflect the terms of any consent provided by the relevant financiers) existing as at the date of the Bid Implementation Agreement, provided that the relevant facility agreements, credit approved term sheet, any applicable consent and any amendments or proposed amendments to an agreement or term sheet were fairly disclosed to NRW in the Data Room on or before the date of the Bid Implementation Deed;
- (b) any financial indebtedness under any new or amended facility provided by NAB to the Primero Group after the date of the Implementation Deed up to a maximum of \$5,000,000;
- (c) any financial indebtedness incurred to finance the acquisition of a MAC25 mobile crane from Terex Australia Pty Ltd;
- (d) any financial indebtedness under equipment finance leases entered into by the Primero Group in the ordinary course of business after the date of the Bid Implementation Agreement up to a maximum amount of \$200,000; and

- (e) any financial indebtedness under the NRW Loan Facility or such other financial accommodation as may be provided by NRW to Primero from time to time.

Primero means Primero Group Ltd ACN 149 964 045.

Primero Board means the board of directors of Primero.

Primero Director means a director of Primero.

Primero Key Management Personnel means each of Messrs Cameron Henry, Brett Grosvenor, Dean Ercegovic, Ryan McFarlane and Peter Grigsby.

Primero Group means Primero and its Subsidiaries, and a member of the Primero Group means any one of them.

Primero Group Member any member of the Primero Group.

Primero Option means an unlisted option to acquire a Primero Share.

Primero Optionholder means a holder of one or more Primero Options.

Primero Options Offer means an offer by NRW to each Primero Optionholder in respect of the Primero Options held by them.

Primero Register means the share register of Primero Shareholders kept pursuant to the Corporations Act.

Primero Share means a fully paid ordinary share in the capital of Primero.

Primero Shareholder means a person registered in the Primero Register as the holder of one or more Primero Shares.

Related Body Corporate has the meaning it has in the Corporations Act.

Related Person means in respect of Primero: (i) each Primero Group Member; and (ii) each Representative of any Primero Group Member.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Representative means in relation to a party, its directors, employees, officers, agents and advisers.

Sale Nominee has the meaning given in Section 9.12.

Section means a section of this Target's Statement.

Share Registry means Automic Pty Ltd.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal received after the date of this document that in the unanimous determination of the Primero Board:

- (a) acting in good faith and reasonably; and
- (b) in order to satisfy what the Primero Board reasonably considers to be its fiduciary or statutory duties after consultation with and receipt of written advice from its external legal and financial advisers who have relevant expertise to provide advice in this area, determine:
- (c) is reasonably capable of being completed substantially in accordance with its terms;

- (d) would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to Primero Shareholders (as a whole) than the Takeover Bid (as completed),

in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent, whether the Competing Proposal remains subject to due diligence and/or finance, regulatory conditions and associated material delays, the identity of the proponent or other matters affecting the probability of the Competing Proposal being completed and being completed in a timely manner) and of the Takeover Bid.

Sternship Advisers means Sternship Advisers Pty Ltd.

Takeover Bid mean the off-market takeover bid constituted by the dispatch of the NRW Offer.

Target's Statement means this target's statement, being the statement issued by Primero under Part 6.5 of the Corporations Act relating to the NRW Offer.

Third Party means a person other than NRW, any other NRW Group Member and any Associate of any NRW Group Member an Associate of NRW.

Third Party Consents means the consents, approvals, waivers or acknowledgements required from Third Parties in any way linked to the change in control of Primero resulting from the Takeover Bid.

Voting Power has the meaning given to it in the Corporations Act.

VWAP means the volume weighted average price.

Wartsila has the meaning given in Section 6.13.

CORPORATE DIRECTORY

Directors

Cameron Henry – Managing Director

Mark Connelly – Non-Executive Chairman

Dean Ercegovic – Executive Director

Brett Grosvenor – Executive Director

Bryn Hardcastle – Non-Executive Director

Kristie Young – Non-Executive Director

Joint Company Secretary

Ryan McFarlane

Darryl Edwards

Registered Office

78 Hasler Road
Osborne Park WA 6017

Legal Adviser

Thomson Geer
Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000

Auditor

Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
Perth WA 6000

Financial Adviser

Sternship Advisers
1202 Hay Street
West Perth WA 6005

Share Registry

Automatic Pty Ltd
Level 3, 50 Holt Street
Surry Hills NSW 2010

