



ASX RELEASE

14 January 2021

Waiver of Listing Rule 10.1

Primero Group Limited (**Primero** or **Company**) refers to its ASX announcement dated 24 November 2020 and the Company's target statement dated 8 December 2020 (**Target Statement**) whereby the Company disclosed details of a \$10 million second ranking secured loan facility (**Loan Facility**) provided by NRW Holdings Limited (**NRW**).

ASX has granted Primero a waiver from ASX Listing Rule 10.1 to the extent necessary to grant a second ranking security over the assets and undertaking of the Company in favour of NRW to secure the Company's obligations under the Loan Facility. The conditions of the waiver are as follows:

- 1 *The material terms of the transaction and of the waiver are announced to the market;*
- 2 *The announcement includes a description of the reasons why the entity has chosen to obtain the Loan Facility from NRW rather than a lender that is not an ASX Listing Rule 10.1 party and the steps the board of the entity (or, in the case of a listed trust, the RE of the trust) has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;*
- 3 *The security documents expressly provide that:*
 - *the security is limited to the funds due under the Loan Facility;*
 - *the security will be discharged when the funds due under the Loan Facility have been repaid in full;*
 - *in the event the security is enforced, the assets can only be disposed of to NRW or an associate of NRW if the disposal is first approved by the entity's security holders under ASX Listing Rule 10.1; and*
 - *otherwise, if the holder of the security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to NRW in accordance with their legal entitlements;*
- 4 *Any variation to the terms of the financial accommodation or the security which:*
 - *advantages NRW in a material respect;*
 - *disadvantages the Company in a material respect; or*
 - *is inconsistent with the terms of the waiver,**must be subject to security holder approval under ASX Listing Rule 10.1; and*
- 5 *For each year while they remain on foot, a summary of the material terms of the Loan Facility and the security is included in the related party disclosures in the Company's audited annual accounts*



In accordance with the conditions of the waiver, Primero notes the following:

- The material terms of the Loan Facility are consistent with the terms detailed in the ASX announcement dated 24 November 2020 and Target Statement, and include the following:
 - the Loan Facility can be drawdown 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 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 annum;
 - the 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 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:
 - if a majority of the Primero directors recommend Primero shareholders accept a competing proposal (repayment within 5 business days of that recommendation);
 - 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 takeover offer unconditional prior to the end of the offer period (repayment within 3 months of the close of the takeover offer);
 - if the bid implementation agreement is terminated by NRW because the Primero directors fail to recommend the takeover 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 takeover 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
 - 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); and
 - the 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:
 - a third party obtaining control of Primero, or obtaining a relevant interest in over 20% of the shares, under a takeover offer that is or becomes unconditional; or
 - \$10 million being raised by Primero (by means of debt or equity), subject to agreed exceptions.
- Primero elected to obtain the Loan Facility from NRW rather than a lender that is not an ASX Listing Rule 10.1 party, as, at that time, Primero required to ensure availability of funding in a short time frame in a manner that would not have the potential to frustrate the takeover offer and Primero had considered the terms of the Loan Facility to be favourable compared to other alternative sources of funding. It should also be noted that the Loan Facility was negotiated and agreed between the Company and NRW prior to the determination in respect to the Wartsila Australia adjudication and payment of the adjudication amount from Wartsila Australia



to Primero (refer to the ASX announcements dated 7 December 2020 and 15 December 2020 for further details).

- Primero is satisfied that the terms of the Loan Facility were negotiated with NRW on an arm's length basis and is fair and reasonable to Primero shareholders for the following reasons:
 - the terms of the Loan Facility were negotiated, and the term sheet entered into, prior to NRW acquiring a relevant interest in any shares of Primero. Noting that although NRW is presently deemed to hold a relevant interest in shares in Primero, all of those shares are a result of acceptances of the takeover offer and are not yet held by NRW. Those shares will not be held by NRW unless and until the conditions to the takeover offer are satisfied, or where permitted, waived. NRW therefore does not currently hold the right to control the votes attaching to those shares;
 - the Company considered the terms of the Loan Facility to be favourable to other sources of funding available to the Company at that time (noting that the terms of the Loan Facility were negotiated and agreed prior to the Wartsila Australia adjudication determination and payment of the adjudication amount); and
 - it would have been open to Primero to grant security in respect to the Loan Facility had formal documentation in respect to the Loan Facility been entered into on a date before NRW acquired a relevant interest in more than 10% of the Primero shares on issue.

This ASX release was authorised on behalf of the Primero Board by:

Cameron Henry, Managing Director and CEO

For further information please contact:

INVESTORS

Cameron Henry
Managing Director
investor@primero.com.au

MEDIA

Michael Vaughan
Fivemark Partners
+61 422 602 720

ABOUT PRIMERO

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

