

ASX RELEASE

11 April 2022

WESTERN AREAS LTD



WESTERN AREAS AND IGO AGREE TO INCREASED SCHEME CONSIDERATION

Highlights

- Western Areas and IGO have agreed to increase the Scheme Consideration to \$3.87 cash per Western Areas share
- The Western Areas Board unanimously recommends that Western Areas shareholders vote in favour of the Revised Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Revised Scheme is in the best interests of Western Areas shareholders
- The key terms of the Revised Scheme otherwise remain the same as the Initial Scheme

Background

Western Areas Limited ("**Western Areas**" or the "**Company**") refers to the Scheme Implementation Deed ("**SID**") announced 16 December 2021 between the Company, IGO Limited ("**IGO**") and IGO Nickel Holdings Pty Ltd ("**IGO Nickel**") pursuant to which IGO Nickel would acquire 100% of the issued capital of Western Areas by way of a scheme of arrangement ("**Initial Scheme**"). The consideration proposed under the Initial Scheme was a cash amount of \$3.36 per Western Areas share ("**Initial Scheme Consideration**").

As contemplated by the SID, Western Areas commissioned KPMG Financial Advisory Services (Australia) Pty Ltd ("**Independent Expert**" or "**KPMG**") to prepare a report to opine on whether the Initial Scheme was in the best interests of Western Areas shareholders ("**IER**").

The Independent Expert provided a draft IER to the Western Areas Board ("**Initial Draft IER**") which contained a draft conclusion, based on prevailing market conditions as at 27 January 2022, that the Initial Scheme was fair and reasonable and therefore in the best interests of Western Areas shareholders ("**Initial Draft Opinion**"). As announced by Western Areas on 14 March 2022, due to significant nickel price volatility (which led to the temporary suspension of nickel trading on the London Metals Exchange on 8 March 2022), the Company and the Independent Expert continued to consider the implications of the volatility on the market expectations for medium to long-term nickel prices.

On 4 April 2022, the Independent Expert provided a revised draft IER to the Western Areas Board ("**Updated Draft IER**") which contained a draft conclusion, based on prevailing market conditions as at 24 March 2022, that the Initial Scheme was neither fair nor reasonable to Western Areas shareholders and therefore not in the best interests of Western Areas shareholders ("**Updated Draft Opinion**").

As announced to ASX in Western Areas' request for voluntary suspension on 7 April 2022, Western Areas confirmed that, having regard to the Updated Draft Opinion and the requirements of the SID, the Western Areas Board had determined to withdraw its recommendation that Western Areas shareholders (other than Excluded Shareholders) vote in favour of the Scheme.

Following receipt of the Updated Draft Opinion, Western Areas and IGO engaged in a period of consultation and negotiation regarding the Scheme consideration in accordance with the SID. The purpose of the consultation process was to provide an opportunity for IGO to present a revised proposal, that Western Areas considered was in the best interests of Western Areas shareholders.



Revised Scheme

Western Areas and IGO confirm that the consultation process has resulted in the parties agreeing to increase the Scheme Consideration to \$3.87 cash per Western Areas share ("**Increased Scheme Consideration**") ("**Revised Scheme**") and amend the SID accordingly.

Western Areas confirms that IGO has declared that the Increased Scheme Consideration is its last and final offer, in the absence of a superior proposal.

If the Revised Scheme is implemented, each Western Areas shareholder on the Scheme Record Date will receive a cash amount of A\$3.87 per Western Areas share. The Revised Scheme implies an equity value on a 100% fully diluted basis of approximately A\$1,263 million¹, and represents:

- A 56.0% premium to Western Areas' undisturbed closing share price of A\$2.48 per Western Areas share on 18 August 2021, the day prior to Western Areas announcing it was in preliminary discussions with IGO regarding a potential change in control transaction;
- a 15.2% premium relative to the Initial Scheme Consideration of A\$3.36 per Western Areas share; and
- a 6.0% premium to Western Areas' last traded share price on 4 April 2022 of \$3.65 per Western Areas share on the day prior to entering into a trading halt on 5 April 2022

Western Areas and IGO have agreed to extend the End Date under the SID to 31 July 2022 (or such other date agreed by the parties) and to an updated Scheme timetable set out below. All other terms of the SID remain the same.

Western Areas Board Unanimously Recommends the Revised Scheme

The Directors of Western Areas unanimously recommend that Western Areas shareholders (other than Excluded Shareholders) vote in favour of the Revised Scheme at the Scheme meeting, in the absence of a Superior Proposal and subject to an independent expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Western Areas shareholders.

Subject to those same qualifications, each member of the Western Areas Board intends to vote, or cause to be voted, all Western Areas shares held or controlled by them in favour of the Revised Scheme. Since the SID was announced on 16 December 2021, no party has engaged with Western Areas with regard to evaluating or providing a competing proposal.

Western Areas Chairman, Mr Ian Macliver, said, "*The Western Areas Board is pleased to have negotiated an agreement with IGO considering the recent volatility in the nickel price and the positive impact this has had on Western Areas cashflow position and fundamental asset value since the Initial Scheme was announced on 16 December 2021. Forrestania is capturing the upside in near and medium term nickel prices, while Odysseus is positioned to capitalise on the longer-term nickel price driven by growth in electric vehicles.*"

Updated Scheme Timetable

An updated indicative Scheme timetable is set out below. A Scheme Booklet containing important information about the Scheme and the Scheme Meeting, the reasons for the Western Areas Directors' recommendation, and the Independent Expert's report, is expected to be sent to Western Areas shareholders in April / May 2022.

Shareholders do not need to take any action in relation to the Scheme at this stage.

¹ Total diluted shares of 326,234,795 includes 4,591,640 unvested performance rights.



Action	Estimated Date
First Court Hearing	April 2022
Dispatch scheme booklet to Western Areas shareholders	April 2022
Scheme Meeting	May 2022
Second Court Hearing	May 2022
Effective Date	May 2022
Scheme Record Date	May 2022
Implementation Date	June 2022

Note: This timetable is indicative and subject to change.

Advisers

Western Areas' financial advisers are Rothschild & Co and Goldman Sachs and its legal adviser is Ashurst.

-ENDS-

The release has been authorised by the officers below. For further details, please contact:

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