



IGO TO ACQUIRE WESTERN AREAS LIMITED VIA BOARD RECOMMENDED SCHEME OF ARRANGEMENT

Transaction Highlights

- IGO Limited (IGO) and Western Areas Limited (WSA) have entered into a Scheme Implementation Deed (SID) pursuant to which IGO will acquire 100% of WSA via a Board recommended scheme of arrangement
- Consideration of A\$3.36 per WSA share, to be paid 100% in cash
- Transaction implies a value of A\$1,096 million for WSA on a fully diluted basis and will be funded from IGO's existing cash reserves and a new A\$900 million senior-secured debt facility
- Transaction consideration reflects a premium of 3.7% to close and 35.5% to the undisturbed price of WSA on 18 August 2021 of A\$2.48 (the day before the fact discussions had commenced were announced to ASX)
- For IGO shareholders, the transaction delivers an enhanced nickel portfolio aligned to strategy, with the cash funding structure resulting in no dilution to IGO shareholders. The transaction represents a logical consolidation of the Western Australian nickel sector and is expected to be free cash flow accretive to IGO by FY24
- WSA shareholders will benefit from the certainty of a Board recommended, cash transaction at a significant premium to WSA's undisturbed share price as well as a significant premium to the consensus average broker valuation.

Transaction Overview

IGO Limited (ASX: IGO) (IGO or the Company) is pleased to announce that it has entered into a Scheme Implementation Deed (SID) to acquire 100% of Western Areas Limited (ASX: WSA) (WSA) for A\$3.36/share, payable in cash, pursuant to a proposed scheme of arrangement (the Transaction). The Transaction values WSA at A\$1,096 million on a fully diluted basis.

WSA's Board of Directors unanimously recommend that WSA shareholders vote in favour of the Scheme, and each WSA Director intends to vote their WSA shares in favour of the Scheme (in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of WSA shareholders). The proposed Transaction is subject to WSA shareholder approval and court approvals.

Perpetual Limited (Perpetual) (which currently owns 14.7% of the Western Areas shares) has confirmed to IGO that, if the Scheme proceeds, it intends to vote all of the shares in Western Areas that it holds (directly or indirectly) at the time of the Scheme meeting in favour of the scheme, in the absence of a superior proposal or offer to acquire any of the Shares held by Perpetual, and subject to Perpetual continuing to consider the Scheme to be in the best interests of its member. For the avoidance of doubt, Perpetual has confirmed to IGO that this intention statement:

- does not prohibit Perpetual from selling any of its Western Areas shares, in its absolute discretion, prior to the Scheme meeting;
- is only valid until 6 months after the date of this announcement or earlier if IGO decides not to pursue the Scheme; and
- will be subject to Regulatory Guide 25 (RG25) published by the Australian Securities and Investments Commission



Transaction Benefits

The Transaction will deliver benefits to both IGO and WSA shareholders.

For IGO shareholders, the Transaction delivers significant benefits summarised below:

- **Transaction is aligned with IGO's strategy focused on metals critical to clean energy**
- **Cash consideration** resulting in no dilution for IGO shareholders. Transaction consideration to be funded via existing cash reserves and a new debt facility.
- Transaction is expected to be **strongly free cash flow accretive from FY24** once the ramp up of the Odysseus underground mine is complete
- **Enhanced nickel portfolio and asset diversification** with a combined portfolio spanning nickel and lithium including Nova, Forrestania, Cosmos, Greenbushes, Kwinana and Cosmos
- **Strategic and logical consolidation** of Western Australian nickel assets with opportunities identified to unlock cost savings and future offtake synergies while also enhancing future downstream processing optionality
- **IGO's nickel expertise and financial strength to maximise value** of WSA's portfolio via nickel development expertise combined with a strong balance sheet to de-risk and fund development of Odysseus, progress the Mt Goode PFS and continue to exploit the WSA exploration portfolio.

For WSA shareholders, the Transaction delivers certain consideration at an immediate premium to last close and a significant premium to the undisturbed trading price on 18 August 2021 (the day before the fact that IGO and WSA were in discussions was announced to the ASX);

- a 3.7% premium to WSA's last close on 15 December 2021
- a 35.5% premium to WSA's undisturbed share price on 18 August 2021.

IGO's Managing Director and CEO, Peter Bradford, commented:

"IGO's acquisition of WSA is a logical consolidation within the Western Australian nickel landscape and further positions us on our journey to become a globally relevant supplier of metals critical for enabling a clean energy future. Both Forrestania and Cosmos are high-grade, low-cost nickel sulphide operations and this acquisition, together with our existing world class Nova nickel-copper-cobalt operation, will consolidate our position as Australia's leading independent nickel producer. The unique synergies that will be unlocked across a combined Western Australian nickel hub, combined with the potential downstream optionality that this transaction brings, is expected to generate substantial value for IGO shareholders over the long term."

Overview of WSA

WSA is an Australian-based mining and exploration company with a portfolio of operating and development stage nickel mines. It owns a 100% interest in the Forrestania Nickel Operation (consisting of the Flying Fox and Spotted Quoll underground nickel mines) and the Cosmos Nickel Operation (Cosmos), both located in Western Australia.

In FY21, WSA's Forrestania Nickel Operation, located 400km east of Perth in Western Australia, produced 16.2kt nickel at a cash cost of A\$4.23/lb nickel¹ through the Cosmic Boy concentrator which has a nameplate processing capacity of 550ktpa of ore and produces concentrate grades of between 15% to 16% nickel.

WSA is also developing its second operational hub via the Odysseus Development Project (within the wider Cosmos Nickel Operation), a long-life, low-cost nickel mine with a greater than ten year mine life, which is strategically located between BHP Nickel West's Leinster and Mt Keith mines. First ore from Odysseus is expected to be produced in FY22 and commence nickel concentrate production in FY23.

¹ Per pound of nickel, payable terms are not disclosed due to confidentiality conditions of the offtake agreement



In addition to its existing operations and development assets, WSA has a substantial exploration portfolio, with activities focused on the Western Gawler Project in South Australia and the Metal Hawk and Mt Alexander joint ventures in Western Australia. Near-mine exploration initiatives at Forrestania and Cosmos are also being progressed. WSA also owns a strategic 19.9% of ASX-listed Panoramic Resources Limited, operator of the Savannah Nickel mine as well as strategic stakes in Grid Metals Corporation (5.5%) and Metal Hawk (6.6%).

As at 30 June 2021, WSA has a total JORC 2012 compliant Ore Reserves of 13.3Mt @ 2.1% and Mineral Resources of 84.9Mt @ 1.1%².

Transaction Funding

The Transaction consideration implies a value of A\$1,096 million for WSA on a fully diluted basis. Transaction costs, inclusive of stamp duty, are estimated to be A\$76 million. IGO intends to fund the Transaction and costs through a combination of (i) a new A\$900 million senior-secured debt facility underwritten by ANZ, CBA and NAB, comprising a A\$540 million amortising facility and A\$360 million revolver, both with a maturity date of 30 April 2025³, and (ii) from IGO's existing cash reserves of A\$552 million⁴ for the remaining balance. Upon completion of the Transaction, IGO will assume WSA's existing cash reserves of A\$148 million⁵. IGO expects to fund the continued development of Cosmos through a combination of existing cash and operating cashflows.

Transaction Conditions

The Transaction will be implemented by way of a scheme of arrangement (Scheme) to be proposed by WSA. The terms upon which IGO and WSA will implement the Transaction are set out in the SID. Key conditions of the Transaction include:

- Approval being obtained from shareholders of WSA and Australian court approval in relation to the Scheme
- The Independent Expert concluding that the Transaction is in the best interests of WSA shareholders, and not changing that conclusion or withdrawing its report; and
- Other conditions customary for a public transaction of this nature.

In addition, IGO has termination rights in the event of a material adverse change, prescribed occurrence or regulated event (each as defined in the SID) occurring in relation to WSA.

The SID includes customary exclusivity arrangements including "no shop" and "no talk" restrictions notification obligations and matching rights for IGO as well as market standard terms and break fees.

Full details of the terms and conditions of the Scheme are set out in the SID, a copy of which was released by Western Areas today.

Timetable

Further details of the timetable will be provided in due course however the Transaction is targeted for completion in April 2022.

Advisers

IGO is advised by Macquarie Capital (Australia) Limited as financial adviser and Herbert Smith Freehills as legal adviser.

This announcement is authorised for release to the ASX by the IGO Board of Directors.

² Please refer to WSA's September 2021 Quarterly Activities Report released on 28 October 2021 at www.asx.com.au for detailed figures on WSA's current Ore Reserve and Mineral Resource Statement effective 30 June 2021

³ The amortising facility is repayable by way of seven equal semi-annual instalments commencing 30 June 2022, and ending on 30 April 2025, and the revolver is repayable on 30 April 2025

⁴ Cash reserves as at 30 September 2021

⁵ As at 30 September 2021. Refer to WSA's September Quarter 2021 Highlights released on 28 October 2021 at www.asx.com.au



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Investor Conference Call & Webcast

A conference call and webcast has been scheduled for 1.30pm ADST/10.30am AWST on Thursday 16 December 2021. The live link to the webcast is below:

<https://ccmediaframe.com/?id=zFFLYkRx>

Please note it is best to log on at least 5 minutes before 1.30pm ADST (10.30am AWST) on Thursday 16 December 2021 to ensure you are registered in time for the start of the presentation.

Investors are advised that, in addition to the live webcast, a recording of the presentation will be available on the IGO website www.igo.com.au approximately one hour after the conclusion of the webcast.

Cautionary Statements & Disclaimer

Forward looking statements

This Announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance (including the outcome and effects of the Transaction) are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Announcement are based on subjective judgement, assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of IGO and each of its respective related bodies corporate, affiliates, directors, securityholders, officers, employees, partners, agents, advisers and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of IGO's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Recipients of this Announcement are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Announcement. The forward-looking statements are based on information available to IGO as at the date of this Announcement. Except as required by law or regulation (including the ASX Listing Rules), none of IGO, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Financial information

All financial information in this Announcement is in Australian Dollars (\$) or (\$) unless otherwise stated. The financial information in this Announcement is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian



Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The financial information provided in this Announcement is for illustrative purposes only and is not represented as being indicative of IGO's views on its future financial condition and/or performance.

Ore reserve and mineral resource estimates

The information in this Announcement that relates to the Forrestania Nickel Project and Cosmos Nickel Operation Mineral Resources or Ore Reserves is extracted from Western Area's ASX release dated 28 October 2021 entitled "Western Areas September Quarterly Presentation" and is available at <https://www.westernareas.com.au/investor-centre/asx-announcements> or www.asx.com.au.

Limitation of information in relation to Western Areas

All information in this Announcement in relation to Western Areas (including Forrestania and Cosmos) has been sourced from Western Areas. IGO has conducted due diligence in relation to the Transaction, but has not independently verified such information and, to the maximum extent permitted by law, makes no representation or warranty, expressed or implied, as to the fairness, accuracy, correctness, completeness or adequacy of any information relating to Western Areas. Receipt of additional or updated information may change the forward looking statements concerning Western Areas in this presentation. Western Areas may have a different interpretation of the underlying data and release other information to the market.