

ASX Release

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Emeco Holdings Limited ACN 112 188 815

REVISED RESTRUCTURING SUPPORT AGREEMENT SIGNED

On 16 December 2016, Emeco announced it had obtained the support of noteholders who had not initially supported the recapitalisation of Emeco and merger with Orionstone and Andy's (**Transaction**) (**Additional Supporting Noteholders**).

The Company is pleased to announce that all parties to the initial restructuring support agreement dated 23 September 2016 (**Original RSA**) signed a binding amended and restated restructuring and support agreement (**Revised RSA**) on 30 December 2016.

To give effect to the Transaction, the Revised RSA includes the below amendments to the initial transaction:

- The sub-underwriting of the remaining A\$10 million of the Company's A\$20 million pro rata rights issue by the Additional Supporting Noteholders
- Three directors to be nominated to the Emeco board by the Orionstone creditors, the Emeco noteholders who are party to the Revised RSA and the Additional Supporting Noteholders
- Emeco noteholders will hold 31% of the combined group (previously 34%) plus the issue of new shares (**Placement**), which represent 5% of the combined group on a post-rights issue basis, to the Additional Supporting Noteholders

Below is an indicative post-Transaction shareholding structure (pre-management incentive plan):

	% shareholding (Original RSA)	% shareholding (Revised RSA)
Emeco shareholders	25%	24%
Rights issue	10%	10%
Additional Supporting Noteholders	11%	15%
Other Emeco noteholders	23%	21%
Orionstone shareholders	7%	7%
Orionstone creditors	14%	13%
Andy's shareholder	5%	5%
Andy's creditors	6%	6%
Total	100%	100%

A new management incentive plan (**MIP**) consisting of 10% of the equity of Emeco post-Transaction will still be implemented to further align the interests of management and shareholders.

Mr Ian Testrow, Emeco Managing Director, has agreed to keep the Additional Supporting Noteholders whole as a result of the dilution of their shareholding under the Transaction due to the Placement (pre-rights issue and pre-MIP). Mr Testrow's allocation under the MIP will be reduced, and the Additional Supporting Noteholders will be issued new shares, to give effect to this.

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The Transaction is otherwise on substantially the same terms as under the Original RSA.

The Transaction will require the approval of Emeco shareholders at an extraordinary general meeting and the approval of Emeco creditors at a further creditors' scheme meeting. These meetings are expected to take place in March 2017, and the relevant meeting materials, including independent experts' reports, will be provided to shareholders and creditors in early February 2017.

The Emeco Board strongly recommends that shareholders vote in favour of the resolutions required to give effect to the Transaction, in the absence of a superior proposal and subject to an independent expert's report concluding that the Transaction is in the best interests of Emeco shareholders.

Emeco's existing major shareholders, First Samuel Limited and Black Crane Capital, have each stated that they intend to support the Transaction at the extraordinary general meeting by voting in favour of the resolutions they are eligible to vote on.

Mr Testrow said: "The Revised RSA agreed by Emeco's stakeholders is further endorsement of the strategic merits of the Transaction which will strengthen Emeco's capital structure, provide an enhanced fleet and a strong platform for growth and value creation. It is extremely positive that large shareholders and creditors of Emeco believe there will be opportunities for value creation as demonstrated by them fully underwriting the A\$20 million pro rata rights issue."

Mr Testrow continued: "Notwithstanding the initial creditors' scheme being voted down, I am extremely pleased with the ongoing commitment shown from all parties to work collaboratively to enter into the Revised RSA, building on the significant work that had already been completed."

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About Emeco

Established in 1972, Emeco is the world's largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada, and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).

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