

21 March 2017

ASX: EHL ('EMECO' OR 'THE COMPANY')

**Emeco launches A\$20 million pro rata renounceable entitlement offer
(Replacement document due to revised Offer Price)**

- A\$20 million fully underwritten pro rata renounceable entitlement offer
- Fully underwritten by major Emeco shareholders and noteholders
- Entitlements trading available on ASX
- Proceeds to be used to fund the Restructure and Acquisitions and provide financial flexibility through the integration period
- Allows Emeco shareholders to participate in the future upside of the combined group
- Fixed price of \$0.109 per share

Emeco has today launched a pro rata renounceable entitlement offer (**Entitlement Offer**), which will be fully underwritten by Emeco's major shareholders and noteholders. The Entitlement Offer enables existing shareholders to further participate in the potential value to be created following the recapitalisation of Emeco and the merger with Andy's and Orionstone (**Transaction**).

Mr Ian Testrow, Emeco's Managing Director, commented: "The Entitlement Offer is a key component of the recapitalisation of Emeco and merger with Orionstone and Andy's. The funds raised under the Entitlement Offer will be used to fund the Transaction and will provide greater financial flexibility during the integration period. The Entitlement Offer also assists in minimising existing shareholders' dilution from the Transaction and enables shareholders to further participate in the upside of the combined group. It is very pleasing to have our two biggest shareholders and largest bondholder demonstrate their continued support for and commitment to Emeco's growth strategy by underwriting the entitlement offer."

Under the Entitlement Offer, Emeco will offer existing eligible shareholders the opportunity to subscribe for new fully paid ordinary shares in Emeco (**New Shares**) at \$0.109 per New Share to raise A\$20 million.

Under the Entitlement Offer, eligible shareholders¹ will be invited to subscribe for 0.3066 New Shares for every 1 existing fully paid ordinary shares in Emeco (**Entitlement**) held as at the Record Date, being 7:00pm (Australian Eastern Standard Time) on Monday, 27 March 2017 (**Record Date**). New Shares issued under the Entitlement Offer will rank equally with existing Emeco shares.

The Entitlement Offer will be made at an Offer Price of \$0.109 per New Share, which represents:

- 45% premium to the latest closing price of \$0.075 per share
- 33% premium to Emeco's Theoretical Ex-rights Price² of \$0.082 per share

¹ Eligible shareholders are those shareholders who are registered as a holder of fully paid Emeco shares as at the Record Date, and who have a registered address on Emeco's share register that is in Australia or New Zealand. Emeco may, in its absolute discretion, extend the Entitlement Offer to certain categories of institutional investors in Hong Kong and Singapore.

² Theoretical Ex-Rights Price (TERP) is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation for illustrative purposes only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Emeco's closing price on Monday, 20 March 2017 (\$0.075).

The Offer Price was determined in accordance with the terms of the Revised Restructuring Support Agreement (**Amended RSA**). In determining the Offer Price, the Amended RSA seeks to recognise the amount of value contributed to the combined group by each counterparty to the Transaction (such as Orionstone, Andy's and the various creditors of Emeco, Orionstone and Andy's) and represents the mutual agreement of the parties following a series of detailed negotiations. For further detail, please refer to Emeco's separate ASX announcement "Recapitalisation and merger equity allocations" lodged with the ASX today, regarding the equity allocation calculations that have been made under the Amended RSA.

The Entitlement Offer is fully underwritten by Black Diamond, Black Crane Asia Opportunities Fund and First Samuel (**Underwriters**), who are each existing major shareholders and / or noteholders of Emeco.

Rationale for the Entitlement offer

The Entitlement Offer enables Emeco's shareholders to participate further in the Company's growth and benefit from the value creation opportunity from the Transaction.

- **Minimises dilution for existing Emeco shareholders**
 - Participation in the Entitlement Offer assists in minimising the shareholder dilution as a result of the Transaction
- **Enables Emeco shareholders to participate in the upside of the combined group**
 - Provides Emeco's existing shareholders with the opportunity to further participate in the Company's growth and benefit from the value creation opportunity from the Transaction
 - For shareholders who do not wish participate in the Entitlement Offer, there is an opportunity to potentially realise value from their Entitlements
- **Enhances Emeco's financial flexibility**
 - Fully underwritten Entitlement Offer secures additional funding for the Transaction, assisting in funding the Transaction and providing added financial flexibility throughout the integration period
 - Support for the Entitlement Offer from major existing shareholders and noteholders represents strong support for Emeco's strategy and long term growth outlook

Entitlements trading

Eligible shareholders who do not wish to take up some or all of their Entitlement, may sell all or part of their Entitlement on ASX from Friday, 24 March 2017 to Monday, 3 April 2017, or transfer all or part of their Entitlement directly to another person.³ If a shareholder chooses to do nothing in respect of all or a part of their Entitlement, part or all (as applicable) of their Entitlement will lapse and they will receive no benefit.

Entitlements may only be exercised by eligible shareholders, being persons who have a registered address in Australia or New Zealand, and certain categories of institutional investors in Hong Kong and Singapore. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on ASX, or take up or exercise Entitlements purchased on ASX or transferred from another person.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the trading period ends do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be subscribed for by the Underwriters.

³ Prices obtainable for Entitlements may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on the ASX and the value of Emeco existing Shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Entitlement trading period. As the Offer Price exceeds the market price of Emeco's shares as at last close, a market for the Entitlements may not develop and shareholders may not be able to achieve a sale of their Entitlements on the ASX.

Indicative timetable

Event	Date
Announcement of the Entitlement Offer	Tuesday, 21 March 2017
Ex date for the Entitlement Offer	Friday, 24 March 2017
Entitlement trading commences on ASX	Friday, 24 March 2017
Record Date for eligibility for the Entitlement Offer	Monday, 27 March 2017 (7.00pm AEST)
Offer Booklet despatched to Eligible Shareholders	Wednesday, 29 March 2017
Entitlement Offer opens	Wednesday, 29 March 2017
Entitlement trading on ASX ends	Monday, 3 April 2017
Entitlement Offer closes	Monday, 10 April 2017 (5.00pm AEST)
Issue of New Shares under the Entitlement Offer and dispatch of holding statements	Wednesday, 19 April 2017
New Shares issued under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 20 April 2017

Note: The timetable above is indicative only and may be subject to change.

Pro forma ownership

Emeco's shareholders will own 36% of the combined group following completion of the Transaction if all existing shareholders fully participate in the Entitlement Offer, prior to the Management Incentive Plan. The pro forma ownership of Emeco following completion of the Entitlement Offer is detailed below:

Shareholder	% of shares outstanding
Existing Emeco shareholders	27%
Entitlement Offer – Participants	8%
Entitlement Offer – Underwriting Fee	1%
Black Diamond (Excluding Entitlement Offer underwriting)	22%
Other Emeco noteholders	12%
Orionstone shareholders	10%
Orionstone creditors	11%
Andy's shareholders	5%
Andy's creditors	5%
Total	100%

Update on the Transaction

Emeco creditors and Emeco shareholders approved the Transaction at meetings held on Monday, 13 March 2017. The Federal Court of Australia approved the creditors' scheme on Wednesday, 15 March 2017 and the

creditors' scheme became effective on Thursday, 16 March 2017. The Transaction is expected to complete on 31 March 2017.

The Transaction provides Emeco with a more capable fleet consisting of approximately 730 machines, with the average machine age reduced by approximately 25 per cent.⁴ Combining Orionstone and Andy's expertise and their deep customer relationships in the equipment solutions space increases the depth and breadth of Emeco's management team. The team is focused on executing the well-advanced integration plans to maximise operational cost synergies and capital expenditure savings upon completion.

Strategy and Outlook

Emeco remains focused on operational excellence and increasing the operating utilisation of its fleet in response to improved commodity markets. Emeco's strategic goals are to continue to reduce net debt and optimise its capital structure, and improve its value proposition to customers with a focus on increased productivity and lower costs, facilitated by Emeco's EOS technology.

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Investor enquiries

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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).

⁴ Decrease in fleet age and "other machine" count is indicative as at September 2016.