



Nickelore Limited

ABN 13 086 972 429

29 July 2016



Helio Energia

NICKELORE ADVANCES ACQUISITION OF SOLAR ENERGY COMPANY

HIGHLIGHTS

- Nickelore has executed a Share Sale Agreement to acquire Helio, the leading provider of solar energy systems to commercial and industrial customers in the emerging Brazilian solar market.
- Consideration subject to achievement of key business milestones.
- Post-closing of the acquisition, the new board is expected to be Derek La Ferla, Non-Executive Chairman, Dale A. Vander Woude, Managing Director and CEO, Alistair Craib, Independent Director, Tamara Barreto Cidade, Executive Director and COO/General Counsel, and Robert Gardner, Independent Director.
- Notice of Meeting to approve acquisition to be dispatched to shareholders shortly for meeting expected to be held in September 2016.
- Patersons Securities Limited engaged as lead broker on the proposed capital raising.
- Helio continues to grow its operations since the acquisition was announced, with six projects totalling 2.9MW operating, including a 1MW system that is currently the largest solar system in Brazil under it's the net metering section 482 regulatory framework.
- Helio has an additional 10.0MW under construction or binding contract, with additional products coming online such that it plans to have ~5MW installed by the end of the year, positioning Helio as the leading third-party owner of distributed solar for commercial and industrial customers in Brazil.

Nickelore Limited (ASX:NIO) (**NIO** or the **Company**) is pleased to provide an update on its proposed acquisition (the **Acquisition**) of fast-growing Brazilian solar energy company Helio Energia Holdings S.A. (**Helio**).

TRANSACTION UPDATE

NIO is pleased to announce it has executed a binding Share Sale Agreement to acquire 100% of the issued capital in Helio. Completion of this key milestone will now enable both NIO and Helio to progress the transaction towards completion with a target closing in August and relisting in September.

Consistent with the term sheet previously announced, NIO proposes to acquire Helio in exchange for equity in the Company. The consideration contemplated by the term sheet was subject to a formula. NIO and Helio are now able to confirm the fixed quantum of consideration. Helio will receive as part consideration for the acquisition performance shares subject to the achievement of key business milestones.

These terms, with the included incentives to realise significant business outcomes, provides a clear structure to deliver an increased investment return for both Nickelore and Helio shareholders, as well as a capital structure that ensures Helio is well positioned to capture its growth pipeline opportunities.

Following the announcement on 28 April 2016, Helio and NIO also propose the appointment of two new independent directors:

1. Derek La Ferla as Non-Executive Chairman. Mr La Ferla is Chairman of a number of ASX-listed companies and is an experienced commercial lawyer with more than 30 years' experience working in corporate and commercial law.
2. Alistair Craib as an Independent Director. Mr Craib is an experienced renewable energy and project finance executive with an electrical engineering background and over 15 years' experience working with leading investment banks in Australia and abroad.

The proposed Board also includes, as previously mentioned, the appointment of two existing Helio Board members and founders, Dale A. Vander Woude as Managing Director and Tamara Barreto Cidade as Executive Director. Existing Nickelore Chairman Robert Gardner will remain on the Board as an Independent Director. Further details on the proposed Board are included in Appendix 1.

Each director appointment is conditional upon approval of their appointment and the Acquisition by Nickelore shareholders and effective upon completion of the Transaction.

As part of the transaction, Nickelore plan to undertake a Principal Raising for a minimum of A\$5 million at an issue price of \$0.05 per share (post-consolidation price), with oversubscriptions for up to an additional A\$20 million. Patersons Securities Limited has been appointed as lead manager to conduct the Principal Raising. Funds from the Principal Raising will provide additional capital for Helio to capture pipeline opportunities as it targets 38MW of cumulative installed capacity within 18 months of conclusion of the fundraising. As Helio grows its installed capacity, it is expected that debt and alternate forms of infrastructure funding, such as asset portfolio level equity structures, will be utilised to expand Helio's installed capacity.

Completion of Nickelore's acquisition of Helio remains conditional upon a number of conditions precedent, such as undertaking the Principal Raising, and regulatory and shareholder approvals for both Nickelore and Helio, including ASX requirements for re-admission being met by the combined group. Further details regarding key terms of the Acquisition are set out further below in this announcement.

A Notice of Meeting (**NOM**) to approve the Acquisition is to be dispatched to shareholders shortly ahead of a shareholder meeting expected to be held in September 2016.

HELIO BUSINESS UPDATE

Helio continues to expand its solar energy projects operating for commercial and industrial energy customers in Brazil and is an early leader in the rapidly expanding Brazilian solar energy market. With significant interest in Helio's ability to provide a single-source, reliable, and an economically advantaged alternative to the regulated energy market, the company has quickly established itself with a significant operating base and development pipeline in this high growth sector.

Helio now has six projects completed for an installed capacity of 2.9MW. These include a 378kW Pague Menos, Goias distribution centre project completed this month, which is the third for Helio's launch customer, a 1MW system for a furniture manufacturer customer, which is currently the largest private industrial solar system in Brazil, as well as a 777kW ground mounted system servicing a large beverage and food manufacturing facility.



In addition, Helio has six projects under construction or contract, which will deliver a further 10.0MW of installed capacity, bringing Helio's total installed capacity to 12.9MW upon completion. The pipeline for additional solar rental agreements is robust, with more than 12.3MW in signed proposals or short listings on requests for proposals, and over 120MW of identified pipeline under development.

Helio's pipeline is supported by ongoing regulatory support, high retail energy prices, and existing customers who wish to move 100% to solar energy. Importantly, two of the systems totalling 7.3MW take advantage of the expanded virtual net metering regulatory framework in place since March 2016. This will drive down construction costs due to scale.

Helio has also received a separate cash injection of growth capital of US\$5.05 million and is in the process of funding other commitments for an additional US\$3 million, which would bring the aggregate convertible note facility to US\$8.05m. This convertible note funding, as announced on 28 April 2016, is in line with Helio's initial funding model and is part of a process that commenced prior to announcement of Nickelore's acquisition of Helio. The funds are intended to fund Helio through completion of the transaction.

KEY TERMS OF THE ACQUISITION

1. Consideration

In consideration for the sale of the Helio Shares to Nickelore and termination of the Helio Warrants, at Settlement Nickelore will issue to the Helio Shareholders and the Helio Warrant Holders (or their nominees):

- (i) 4,027,777,778 Nickelore Shares (on a pre-Consolidation basis) (**Consideration Shares**);
- (ii) 2,083,333,333 performance shares (on a pre-Consolidation basis) which will convert into Nickelore Shares on a one for one basis in accordance with the terms and conditions set out in Appendix 2 (**Performance Shares**); and
- (iii) 1,481,481,481 Options (on a pre-Consolidation basis) exercisable at the issue price of Nickelore Shares under the Principal Raising and expiring 3 years after the date of issue (**Consideration Options**)

(together, the **Consideration**).

The Performance Shares will be issued in three equal tranches with the following milestones:

- (i) Class A: shall convert upon Helio completing the installation of projects consisting of solar panels with a rated capacity totalling an aggregate of a minimum of 12.5megawatts (MW), with those projects operating and generating revenue to Helio within 18 months of the date of issue of the Class A Performance Shares;
- (ii) Class B: shall convert upon the Company or Helio securing a senior debt facility of at least USD\$12.5m from a bank or financial institution, or other lender specializing in solar or Brazilian investments, for the purposes of funding the Helio business, which carries a commercial interest rate of not more than 12%, within 2 years of the date of issue of the Class B Performance Shares;
- (iii) Class C: shall convert upon the Company securing an equity investment by a strategic partner in a subsidiary or subsidiaries subject to the investment (a) representing not more than 80% of the Helio subsidiary or subsidiaries and not more than 30% of the Helio Group's MW in operation at the time, (b) the receipt of cash proceeds of at least USD\$30 million where such investment relates to 30% of the Helio Group's MW in operation at the time of completion of the equity investment or where the investment relates to a lesser percentage of the Helio Group's MW in operation at the time of completion of the equity investment the minimum cash proceeds required are proportionately reduced subject to being not less than USD25 million,



and (c) being completed within 3 years of the date of issue of the Class C Performance Shares.

Securities issued by the Company as part of the Acquisition may be subject to escrow imposed by ASX under its Listing Rules and a voluntary escrow period of 6 months where ASX imposed escrow is less than 6 months.

2. Conditions precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- (A) Nickelore being satisfied that all assets and intellectual property relevant to Helio's business are held by Helio;
- (B) Roca Investments Limited, a shareholder of Helio, entering into a deed of covenant with Nickelore agreeing to give the Vendor Warranties and indemnities included in the Share Sale Agreement in favour of Nickelore;
- (C) Helio being satisfied that all assets, liabilities and intellectual property relevant to Nickelore's business is held by Nickelore;
- (D) Nickelore procuring the preparation of an independent expert's report in accordance with the requirements of item 7 section 611 of the Corporations Act and the expert forming the opinion that the Acquisition is either fair and reasonable or not fair but reasonable to the non-associated shareholders in Nickelore;
- (E) if Nickelore considers that it will be required by ASIC, Helio preparing audited accounts for Helio for the shorter period of three years and the date of incorporation of Helio and delivering those accounts to Nickelore;
- (F) Nickelore preparing the Prospectus, lodging the Prospectus with the ASIC and completing the Capital Raising;
- (G) Nickelore obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition, including, without limitation:
 - (I) ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Consideration Securities in accordance with this Agreement;
 - (II) ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of Nickelore Shares pursuant to the Capital Raising;
 - (III) ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Advisor Securities and the Incentive Scheme;
 - (IV) ASX Listing Rule 11.1.2 approval authorising a change of activities of Nickelore;
 - (V) the Consolidation;
 - (VI) approval of the appointment of the New Directors nominated by Helio, subject to completion of the Acquisition; and
 - (VII) approval for the change of Nickelore's name to "Helio Energia Limited";



- (H) Helio obtaining all necessary corporate approvals to allow Helio to lawfully complete the matters contemplated by this Agreement;
- (I) Nickelore obtaining all necessary third party approvals or consents to allow Nickelore to lawfully complete the matters contemplated by this Agreement;
- (J) the Parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the Parties as are required to allow the Parties to lawfully complete the matters set out in this Agreement (including, but not limited to, re-compliance by Nickelore with Chapters 1 and 2 of the Listing Rules and Nickelore receiving conditional approval from ASX to reinstate Nickelore's quoted securities to trading on ASX following completion of the Acquisition on conditions satisfactory to Nickelore, acting reasonably);
- (K) the Minority Holders accepting the Minority Holder Offer;
- (L) all of the Convertible Notes converting into Helio Shares and Helio Warrants; and
- (M) to the extent required by the ASX, Nickelore or the ASX Listing Rules, each Helio Shareholder entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the Consideration Securities that are issued to those parties by Nickelore

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of the Company to complete it is not certain.

3. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. Nickelore will despatch a Notice of Meeting (**NOM**) to its shareholders seeking the relevant approvals to undertake this process with such NOM to contain detailed information relating to the Acquisition. Shareholders should note that the Company's securities will be suspended from trading on the day of the general meeting seeking shareholder approval for the transaction and if such approval is obtained will remain suspended until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules.

4. Change of name

Upon completion of the Acquisition, it is intended that the Company will undergo a change of name, subject to shareholder approval, to Helio Energia Limited (or such other name as Helio may request and subject to availability). The proposed name change will be advised to shareholders when the Company despatches its NOM and shareholder approval for the change in company type will be sought in the NOM.

5. Consolidation of share capital

Subject to shareholder approval, NIO will undertake a proposed consolidation of the Company's issued shares at a predefined conversion ratio of 8.33 existing shares to one new share (**Consolidation**).

6. Principal raising

In order to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, in conjunction with the Acquisition, the Company will issue a Prospectus for the Principal Raising.

The Principal Raising will be to raise a minimum of AUD\$5,000,000 (or such other amount as required to meet the assets test admission criteria of the ASX) at an issue price of \$0.05 per share (on a post-consolidation issue), with oversubscriptions for up to an additional A\$20,000,000.



PRO FORMA CAPITAL STRUCTURE

The capital structure of NIO immediately following the Acquisition (on a post-Consolidation basis assuming a ratio of 8.33:1 and including completion of the proposed Principal Raising, issues of incentive options to incoming directors) will be:

Shares

	Minimum Raise A\$5m	Maximum Raise \$A25
	Number	Number
Shares currently on issue	36,927,809	36,927,809
Shares to be issued pursuant to the Principal Raising	100,000,000	500,000,000
Shares to be issued pursuant to the Acquisition	483,333,333	483,333,333
Total Shares on issue immediately following the Acquisition	620,261,142	1,020,261,152

Performance Shares

	Number	Number
Performance Shares currently on issue	Nil	Nil
Performance Shares to be issued pursuant to the Acquisition ¹	250,000,000	250,000,000
Total Performance Shares on issue immediately following the Acquisition¹	250,000,000	250,000,000

¹ The Performance Shares will be issued equally across three classes each with a different milestone but otherwise identical terms. The full terms and conditions of each class of the Performance Shares are set out in Appendix 2.

Options

	Number	Number
Options currently on issue	Nil	Nil
Options to be issued pursuant to the Acquisition (unquoted / exercise price equal to issue price of Shares under Principal Raising / expiry date 3 years from date of issue)	177,777,777	177,777,778
Options to be issued to the Proposed Directors and key employees on completion of the Acquisition (unquoted / exercise price 150% of the Principal Raising vesting 50% on the issue date and 50% one year after the issue date / expiry date 3 years from date of issue)	79,803,892	79,803,892
Options to be issued to lead manager on completion of the Acquisition (unquoted / exercise price 125% of the Principal Raising / expiry date 3 years from date of issue)	5,000,000	25,000,000
Total Options on issue immediately following the Acquisition	262,581,669	282,581,670

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this document, are "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is necessarily based on a certain number of estimates and assumptions, which while considered plausible by the management when they are made, are inherently subject to significant commercial, economic and competitive risks and uncertainties. We advise investors not to rely unduly on forward-looking information. The Company further declines any intention or obligation to publicly update this forward-looking information, whether due to new information, or future or other events, unless required by applicable law.

Appendix 1

PROPOSED BOARD UPON COMPLETION OF THE TRANSACTION

✦ **Derek La Ferla** *Non-Executive Chairman*

Mr La Ferla is currently Chairman of a number of ASX-listed companies and is an experienced commercial lawyer. Mr La Ferla has more than 30 years' experience working in corporate and commercial law.

✦ **Dale A. Vander Woude** *Managing Director and Chief Executive Officer*

Mr Vander Woude is the Founder and current Chairman & CEO of Helio Energia Holdings, SA, the acquisition target. Mr Vander Woude brings more than 25 years' experience in capital markets, M&A and corporate strategy focussing upon the renewable energy space. Most recently he was EVP Capital Markets, M&A, and Strategy of OneRoof Energy. Prior to that Mr Vander Woude spent 16 years in Citigroup, advising and investing in complex capital markets transactions, one of which led him to be Chairman of SIF Energias do Brasil, leading an investment group and management team that developed 210MW of wind power in Brazil.

✦ **Tamara Barreto Cidade** *Executive Director and Chief Operating Officer / General Counsel*

Ms Cidade is a Co-Founder and current COO/General Counsel of Helio Energia Holdings, SA, the acquisition target. Ms Cidade brings more than 14 years' experience in international, cross-border law practice in the renewable energy space. Most recently she was General Counsel of Oak Creek Energy. Prior to that Ms Cidade was General Counsel and business development officer at SIF Energias do Brasil. Ms Cidade is qualified to practice in both Brazil and New York, USA.

✦ **Alistair Craib** *Independent Director*

Mr Craib is qualified as an electrical engineer with a renewable energy advisory, financing and principal investment background having spent over 15 years with Macquarie Bank and UBS in Australia and abroad. He is currently chairman of ALTRAC Light Rail Partnership, which is the project company undertaking \$2.1bn



construction of the Sydney Light Rail PPP, and was previously CEO of Collgar Wind Farm Pty Ltd, responsible for a 206MW wind farm development in Merredin, Western Australia.

 **Robert Gardner** *Independent Director*

Mr Gardner has been Chairman of the Board of Nickelore Ltd since October 1, 2010. Mr Gardner is a Perth-based business proprietor, with over 25-years' experience in the mining industry. Mr Gardner has developed a number of projects that are now assets of ASX listed companies and holds a directorship in Dragon Mountain Gold Limited.

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Appendix 2

Terms and conditions of Performance Shares

The terms and conditions of the Performance Shares are as follows:

- (a) **(Performance Shares)**: each Performance Share is a share in the capital of the Company.
- (b) **(General Meetings)**: the Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. Holders have the right to attend general meetings of the Company.
- (c) **(No Voting Rights)**: the Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights)**: the Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Rights on Winding Up)**: the Performance Shares may not participate in the surplus profits or assets of the Company.
- (f) **(Transfer of Performance Shares)**: the Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)**: in the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (h) **(Application to ASX)**: the Performance Shares will not be quoted on ASX. If admitted to the Official List of ASX, then upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues)**: subject always to the rights under item (g) (Reorganisation of Capital), holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX)**: the terms of the Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (k) **(No Other Rights)**: the Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (a) **(Milestones)**: subject to paragraph (c) below, the Performance Shares in the relevant class will convert into Shares (on a one for one basis) upon satisfaction of the following milestones:
- (i) Class A: shall convert upon Helio completing the installation of projects consisting of solar panels with a rated capacity totalling an aggregate of a minimum of



12.5 megawatts (MW), with those projects operating and generating revenue to Helio within 18 months of the date of issue of the Class A Performance Shares;

- (ii) Class B: shall convert upon the Company or Helio securing a senior debt facility of at least USD\$12.5m from a bank or financial institution, or other lender specializing in solar or Brazilian investments, for the purposes of funding the Helio business, which carries a commercial interest rate of not more than 12%, within 2 years of the date of issue of the Class B Performance Shares;
- (iii) Class C: shall convert upon the Company securing an equity investment by a strategic partner in a subsidiary or subsidiaries of Helio subject to the investment:
 - (A) representing not more than 80% of the Helio subsidiary or subsidiaries and not more than 30% of the Helio Group's (being Helio and any subsidiaries or related bodies corporate) megawatts in operation at the time of completion of the equity investment; and
 - (B) involving the receipt of cash proceeds of at least USD\$30 million where the investment relates to 30% of the Helio Group's megawatts in operation at the time of completion of the equity investment or where the investment relates to a lesser percentage of the Helio Group's megawatts in operation at the time of completion of the equity investment the minimum cash proceeds required are proportionately reduced subject to being not less than USD\$25m; and
 - (C) being completed within 3 years of the date of issue of the Class C Performance Shares.

(each, a **Milestone**).

- (b) **(Conversion of Performance Shares)**: in the event a Milestone is satisfied, all of the Performance Shares held by the Holder will convert into an equal number of Shares.
- (c) **(No Conversion if Milestone not Achieved)**: If the relevant Milestone is not achieved by the required date, then each Performance Share in that class will be automatically redeemed by the Company for a sum of \$0.0000001 per Performance Share within 10 Business Days of non-satisfaction of that Milestone.
- (d) **(Conversion Procedure)**: the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (e) **(Ranking of Shares)**: the Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

