

SMW GROUP LIMITED
(formerly Aorere Resources Limited)
Directors' Review for the three months ended 30 June 2020

Financial results

Your directors submit the audited financial statements of SMW Group Limited (**SMW Group**) (formerly Aorere Resources Limited) for the three months ended 30 June 2020. The trading result for the period was a loss of \$48,000 (year ended 31 March 2020 - \$244,000 loss). The Company has changed its financial year end from 31 March to 30 June so that the financial year end aligns with the financial year end of the two Australian businesses that formed part of the Acquisition outlined below. Accordingly, this current financial period in these financial statements is for the three months from 1 April 2020 to 30 June 2020 and the comparatives are from 1 April 2019 to 31 March 2020.

The Acquisition

SMW Group Limited (NZX: SMW Group) (formerly known as Aorere Resources Limited) completed its acquisition of the Australian company All Industrial Network Limited (**AIN**) on 8 July 2020 as approved by shareholders at the special meeting held on 25 June 2020 (the **Acquisition**).

On 3 July 2020, SMW Group transferred all its assets and liabilities to a wholly owned subsidiary, Widespread Limited (**Widespread**) and conducted an in-specie distribution of shares in that subsidiary. AIN then acquired the following Australian companies:

- Alertvale Pty Ltd (Alertvale); and
- BAE Engineering & Solar Pty Ltd (BAE).

As part of the Acquisition, the following also took place:

- SMW Group changed its company name from "Aorere Resources Limited" to "SMW Group Limited" and its NZX ticker code from "AOR" to "SMW";
- Chris Leon, John (Jack) Trenaman, Oliver Sabu and Greg Kern were appointed as Directors and Simon Henderson, Peter Liddle and Linda Sanders resigned (with Chris Castle and Jill Hatchwell remaining on the Board as New Zealand based Directors); and
- SMW Group changed its balance date from 31 March to 30 June.

With its management and control in Australia, SMW Group is in the process of becoming a tax resident in Australia. SMW Group will have dual tax residency given it will remain incorporated in New Zealand.

As a result of the Acquisition, SMW Group's business has changed to that of developing and operating business interests in the mining support, construction and engineering services industries, which is in line with AIN's business interests and expertise.

The steps required to complete the Acquisition were as follows:

Widespread In-Specie Distribution

- The Widespread in-specie distribution that formed part of the Acquisition was approved by shareholders at the special meeting held on 25 June 2020 and completed on 3 July 2020.
- On 3 July 2020, SMW Group transferred its assets and novated its liabilities to Widespread. The assets transferred primarily included securities in Chatham Rock Phosphate Limited and Asian Mineral Resources Limited. SMW Group then conducted an in-specie distribution of all the shares in Widespread to SMW Group's shareholders prior to the Acquisition on a pro rata basis for nil consideration.
- SMW Group also assigned Widespread the right to receive payments of up to NZD\$600,000 over a two-year period from AIN. Deducted from that amount will be the amount of withholding tax payable by SMW Group in respect of the distribution (which is not expected to be a material amount).
- The in-specie distribution enables shareholders to continue to own an equivalent proportionate interest in the pre-Acquisition business and assets of SMW Group through Widespread, while at the same time retaining a shareholding in SMW Group (and its new business and assets), in each case without paying any additional money.
- Immediately following the Widespread in-specie distribution, SMW Group conducted a share consolidation which resulted in being approximately 400,000 shares on issue in SMW Group.

Acquisition of All Industrial Network Limited – Reverse Listing

- On 8 July 2020, SMW Group acquired 100% of the shares on issue in AIN for consideration of NZD\$53,160,387. SMW Group satisfied the consideration by issuing 53,160,387 fully paid ordinary shares in SMW Group at an issue price of NZD\$1.00 per share. Immediately prior to completion of the Acquisition, AIN acquired two Australian businesses:
 - Alertvale – a diversified mining support, construction, maintenance and engineering services provider based in Rockhampton, Queensland; and
 - BAE - based in Mackay, Queensland and provides specialised support services to the mining and construction industries in the areas of maintenance and engineering.

Future

Prior to the Acquisition, SMW Group operated as an investment company with no active trading operations. SMW Group wholly owned Widespread and, through Widespread's wholly owned subsidiary Mineral Investments Limited, held shares in several investments. As a result of the Widespread in-specie distribution, investments together with other assets and liabilities were transferred to Widespread following 30 June 2020 (negative net assets of \$191,000). As mentioned above, as part of the Acquisition, Widespread was assigned the right to received payments of up to NZD\$600,000 over a two-year period from AIN which will in part be used to extinguish the outstanding liabilities.

The directors of Widespread intend to continue the mining and resources sector investment and acquisition strategy and will continue to:

- identify long term capital growth opportunities in embryonic mining and resources operations and provide seed funding as an early stage investor in exchange for equity stakes; and
- engage in shorter-term capital growth opportunities in global mir



Chris Leon
Chairman

25 November 2020



Chris Castle
Director