

Notice of Special Meeting of Shareholders

Notice is given that a special meeting of shareholders of SMW Group Limited (**SMW** or the **Company**) will be held online on Friday, 13 May 2022 at 12:00 pm NZT (**Meeting**).

The meeting will be held online using the Company's share registrar's virtual meeting platform at www.virtualmeeting.co.nz/smws22. You will require your CSN/Holder Number for verification purposes.

Agenda

- 1 Chairman's Introduction
- 2 Shareholder discussion
- 3 **Resolution:** to consider, and if thought fit, to pass the following ordinary resolution:

Delisting from the NZX Main Board: That the delisting of the Company from the NZX Main Board is approved and the directors of the Company are authorised to undertake all actions and enter into any agreements and other documents necessary to give effect to this resolution.
- 4 Consider any other matter than may properly be brought before the Meeting.
- 5 Close

PROCEDURAL NOTES

Voting Entitlements

Voting entitlements of the Meeting will be determined with reference to the Company share register as at 12:00 pm on Wednesday, 11 May 2022 (**Record Date**). Accordingly, only those persons who are registered shareholders of the Company on the Record Date will be entitled to vote at the Meeting and the only voting rights which may be exercised at the Meeting by the same registered shareholders are those attaching to shares which are registered as at the Record Date.

Casting Your Vote

You may cast your vote in one of two ways described below. You may abstain from voting on the resolution.

Attending the meeting:

Shareholders will not be able to attend the Meeting in person. Attendance will only be via the Link virtual meeting platform at: www.virtualmeeting.co.nz/smws22. To attend online via the virtual meeting platform, you will require your CSN/Holder Number for verification purposes.

Appointing a proxy:

You may appoint a proxy to attend the Meeting and vote on your behalf. Visit <https://investorcentre.linkmarketservices.co.nz/voting/SMW> to lodge your proxy or complete and return the enclosed proxy form in accordance with the instructions below.

Proxies

A proxy does not need to be a shareholder of SMW.

The Chair of the Meeting (Jill Hatchwell) and any of the other directors are prepared to act as proxy. Where any director is appointed as a discretionary proxy, each of the director's intends to vote in favour of the resolution.

If you do not name a person as your proxy (but have completed the Proxy Form in full) or your named proxy does not attend the meeting, the Chair will be appointed your proxy and will vote in accordance with your express direction.

A corporation which is a shareholder may appoint a representative to attend the Meeting on its behalf in the same manner as it could appoint a proxy.

Proxy Form

To appoint a proxy or a representative, you can complete and sign the enclosed Proxy Form and either return it by delivery, mail or email to the share registrar of SMW:

By delivery:

SMW Group Limited
C/- Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland 1010

By mail:

SMW Group Limited
C/- Link Market Services Limited
PO Box 91976
Auckland 1142

By email: meetings@linkmarketservices.com (please put the words "SMW Proxy Form" in the subject line for easy identification).

You may also lodge your proxy online at <https://investorcentre.linkmarketservices.co.nz/voting/SMW>. You will require your CSN/Holder Number and FIN to complete your proxy appointment. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by Link Market Services no later than 48 hours before the Meeting, being 12:00 pm on Wednesday, 11 May 2022. Online proxy appointments must also be completed by this time. Registered shareholders at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those shareholders' names at that time may be voted at the Meeting.

Voting Restrictions

All Non Affiliated Shareholders will be eligible to vote on the resolution unless they, together with their *Associated Persons*, hold 5% or more of the Company's ordinary shares.

The Company will disregard any votes cast on the resolution by any persons to whom the foregoing applies. Any discretionary proxies given to shareholders are not eligible to vote under the requirements set out above will not be valid. Proxies that give express voting instructions to such persons will however be accepted.

The Board has set a voting restriction at this 5% level (rather than a 10% level usually used for this type of resolution) to give minority shareholders the voting decision in respect of de-listing. All shareholders holding 5% or more of the Company's shares either sold their business interests into the Company (in connection with the 2020 reverse listing transaction) or played a material role in those transactions. If any one of those shareholders were eligible to vote, their vote would be determinative of the outcome of the resolution. The Board did not consider this to be fair to small shareholders. The Board further considered it was not appropriate to have restrictions on some of these vendor shareholders and not others.

Ordinary Resolution

The resolution set out in this Notice of Meeting is an ordinary resolution. An ordinary resolution is a resolution passed by a simple majority of votes of those holders of securities of the Company which carry votes, are entitled to vote and are voting on the resolutions in person or by proxy.

NZ RegCo Notice of Non-Objection

NZ RegCo has reviewed this Notice of Meeting and issued a letter of non-objection to it under the Listing Rules. However, NZ RegCo accepts no responsibility for the content of this Notice of Meeting.

SHAREHOLDER QUESTIONS

Shareholders attending the meeting virtually will be given the opportunity to raise questions during the meeting. Shareholders may also submit written questions on the bottom of the Proxy Form. The main themes will be aggregated and responded to at the Meeting.

Alternatively written questions can be sent:

- online at <https://investorcentre.linkmarketservices.co.nz/voting/SMW>; or
- by email to meetings@linkmarketservices.com.

SMW reserves the right not to address questions that, in the Chair's opinion, are not reasonable in the context of a shareholder meeting, or any written questions that are not received by 12:00 pm on Wednesday, 11 May 2022.

EXPLANATORY NOTES

Resolution: Delisting from the NZX Main Board

The Company's business was reverse listed onto the NZX Main Board in 2020 through a transaction with Aorere Resources. The intention was to utilise the listing to grow the Company's business primarily through acquisitions using the Company's listed shares as consideration and consolidate mining services operators in what is considered to be a fragmented services industry.

However, it has not been possible to execute this strategy. The directors now consider it is in the best interests of SMW to be de-listed from the NZX Main Board, subject to certain conditions, and to continue operations as an unlisted widely held company.

Background

SMW completed its reverse listing in mid-2020, with the work to become listed occurring while the COVID-19 pandemic was first flaring up globally. The pandemic has caused a number of planned mining projects in the Bowen Basin area to be delayed for much longer than expected. This has significantly reduced major revenue projects for the Company since listing and seen those projects replaced with lower margin contracts for servicing and maintenance services. This reduced profitability has left SMW unable to reduce debt as it had originally planned and has meant that SMW using its listed status as a platform for making new acquisitions has not been commercially feasible. The following key metrics have been included as they form the basis of the Board's decision to reduce costs and delist:¹

	6 months ended 31 Dec 2021 \$'000	6 months ended 30 June 2021 \$'000	6 months ended 31 Dec 2020 \$'000
Revenue	30,661	24,066	27,937
<i>Extract from Statement of Financial Position</i>			
Debtor financing - Scottish Pacific	3,574	5,178	5,952
Lease liability	9,459	9,593	9,970
Hire purchase lease liability	3,538	4,116	4,606
Deferred settlement payments	7,020	7,510	7,989
Loan - Related Parties	870	870	870
Total	24,461	27,267	29,387
Net Liabilities	(5,804)	(4,761)	(1,734)

The Board considers that the best current course of action for SMW is to reduce costs, improve its balance sheet and put SMW in a stronger financial position to capitalise on an expected recovery in the mining sector in the Bowen Basin. To secure contracts of scale with major mining companies, SMW must demonstrate a strong financial position to give those companies confidence.

De-listing is the obvious means of cost reduction available to SMW. It will allow SMW to reduce financial reporting costs, compliance costs and the costs associated with its executive team. It has already reduced headcount in its finance team and it is intended that the Board will reduce in size following the delisting.

¹ Extracted from the relevant annual and half year accounts of the Company for the periods stated above as released to the market.

Total expected savings - delisting	Low \$ '000	High \$ '000
Wages savings from restructure	502	870
Insurance	350	450
Directors Fees	200	250
Audit & General Legal Fees	100	380
Annual Listing fees	50	75
AGM meeting & Annual Report	43	75
Total	1,245	2,100

The above expected savings estimates are based on the costs incurred since SMW listed on the NZX Main Board and are representative of the Board's view. The associated costs of being listed are a significant overhead for SMW. These overheads are now disproportionate to the profitability of SMW.

Procedure

NZX Listing Rule 9.9.1(c) enables the Company to make a written request to NZX that it wishes to cease to be listed on the NZX Main Board. NZX Limited has approved the Company's delisting on the following conditions:

- That the Company obtains, by way of ordinary resolution, approval from shareholders who are Non Affiliated Shareholders and/or do not hold more than 5% of the Company's ordinary shares, to delist from the NZX Main Board;
- That NZ RegCo reviews prior to publication any delisting announcement and communication that the Company sends its shareholders;
- That the Company pays any outstanding fees to NZX, including the delisting fee and NZX or NZ RegCo's costs relating to delisting application; and
- That the Company provides at least one month's notice of the delisting to the market.

This means if the resolution is passed, the de-listing is expected to follow the indicative timetable below. Note the trading halt is to allow time for share trades to be settled by NZX prior to the Company's ordinary shares being delisted from the NZX Main Board. Any trades placed prior to that trading halt will be processed in the normal way:

Date	Impact on Shareholders
13 May 2022 (date of meeting) to 27 May 2022	Shares continue to be listed on the NZX Main Board
27 May 2022	Trading halt commences on shares at close of business
31 May 2022	Shares delisted from the NZX Main Board.

This indicative timetable is subject to change at the Company's discretion (as a result of market conditions otherwise) and due to any other legal or regulatory requirements (including those of NZX). The Company will announce to Shareholders any changes to the indicative timetable.

Regulatory Changes from De-listing

The following regulations imposed on SMW, as a listed company, will change as a consequence of delisting from the NZX Main Board:

Regulation	Application to listed company	Application to private company
NZX Listing Rules		
<i>Overall application</i>	<ul style="list-style-type: none"> The NZX Listing Rules contain a number of rules designed to protect the interests of Shareholders and ensure there is an informed market for the trading of financial products. 	<ul style="list-style-type: none"> The Company will no longer be subject to the NZX Listing Rules.
<i>Independent directors</i>	<ul style="list-style-type: none"> Listed companies are required to have at least two independent directors. An audit committee must comprise a majority of independent directors. Non-independent directors are more likely to have conflicts of interest. Directors of a listed company are not entitled to vote on a matter in which they are interested. 	<ul style="list-style-type: none"> Private companies are not required to have independent directors and are not required to have an audit committee. Directors of a private company must disclose matters in which they are interested but can remain entitled to vote on the matter in which they are interested. The overarching duties of directors under the Companies Act to act in good faith and in the best interests of the Company remain applicable.
<i>NZX Corporate Governance Code</i>	<ul style="list-style-type: none"> The Company must report (on a comply or explain basis) against recommendations in the NZX Corporate Governance Code. 	<ul style="list-style-type: none"> The Company's annual report is no longer required to contain disclosures regarding its compliance with the recommendations in the NZX Corporate Governance Code.
<i>Issue of further shares</i>	<ul style="list-style-type: none"> Listed companies are generally only allowed to issue shares not exceeding 15% of all shares on issue, calculated over a rolling twelve-month period or undertake pro rata share offers. 	<ul style="list-style-type: none"> Upon being delisted, the 15% limit will no longer apply to the Company and the Board will be entitled to issue additional shares in excess of this limit. However, if the Company does issue shares for any reason, the Companies Act requires the Board to resolve and certify that the share issue is in the best interests of the Company and is fair and reasonable to the Company and all its shareholders.
<i>Major and related party transactions</i>	<ul style="list-style-type: none"> The NZX Listing Rules relating to major transactions require that transactions that significantly change the nature of the Company's business or involve a gross value above 50% of the average market capitalisation of the Company be first approved by shareholders. The NZX Listing Rules also require the approval of non-associated shareholders to the Company entering a transaction 	<ul style="list-style-type: none"> The Company will no longer be subject to the major and related party transaction restrictions under the Listing Rules. The Company will remain subject to the major transaction rules under the Companies Act which requires shareholder approval if the gross value of the transaction is more than 50% of the market value of the Company's assets.

Regulation	Application to listed company	Application to private company
	<p>with a related party where the transaction is in excess of certain thresholds.</p> <ul style="list-style-type: none"> An independent appraisal report on a major or related party transaction is typically required to be commissioned and sent to shareholders to consider before voting on such a transaction 	<ul style="list-style-type: none"> No independent appraisal report will be required to be prepared and distributed to shareholders.
<i>Voting restrictions</i>	<ul style="list-style-type: none"> Voting restrictions apply to shareholders from time to time, depending on the nature of the resolution. 	<ul style="list-style-type: none"> No voting restrictions apply to the shareholders of a private company unless provided for in the company's constitution (and the Company's constitution does not prescribe restrictions once delisted). Interested shareholders will be entitled to vote on any transaction at their discretion. Shareholders do not have fiduciary duties like directors and are entitled to vote in their self-interest.
Financial Markets Conducts Act 2013 (FMCA)		
<i>Insider trading rules</i>	<ul style="list-style-type: none"> Insider trading is prohibited. 	<ul style="list-style-type: none"> Insider trading rules do not apply to private companies. This means it is no longer illegal for any person who knows material information about the Company to dispose of, or acquire, shares even though the other party may be unaware of the material information. However, the Companies Act restricts the ability of directors to sell shares in the Company if they are aware of inside information.
<i>Disclosure obligations</i>	<ul style="list-style-type: none"> Any share trading by directors, senior managers or persons owning 5% or more of all shares of the Company must be disclosed to the market through prescribed disclosure forms. 	<ul style="list-style-type: none"> Shareholders wanting to know about the largest shareholdings in the company will be able to view this information on the Companies Office website (which is updated at least annually), or they can request such information off the share register from Link Market Services in accordance with the relevant Companies Act provisions. The Company will still be subject to the FMCA in respect of any action, event or circumstance that occurred prior to delisting from the NZX Main Board.

The Board is of the view that the Company's continuing obligations under the applicable law will provide Shareholders with sufficient transparency in the absence of the obligations applicable while listed on the NZX Main Board. In addition:

- 1 The Company will need to complete audited financial statements for the year ending 30 June 2022 as an *FMC Reporting Entity* under the FMCA. These statements will be sent to shareholders as part of an annual report under the Companies Act and will be registered on the Companies Office website.
- 2 The Company will be required (following the reporting under 1. above when it will cease to be an FMC Reporting Entity) to prepare an annual report each year and send it to shareholders withing five months of its financial year end.
- 3 The Company intends to continue using Link Market Services to manage its share register. Shareholders can expect to continue receiving details relating to the Company via email. If shareholders don't have an email address recorded with Link Market Services, they can expect to keep receiving statutorily required information by post.
- 4 Upon completion of the delisting, the Company intends to send shareholders half year operational updates and transactional based periodic updates. The Company will not be required to prepare and publish half year financial statements as it is required to do as a listed company.

Consequences if resolution approved

If the Resolution set out in the notice of meeting is passed it is expected that the Company will delist on 27 May 2022. This date is subject to change at the Company's discretion (as a result of market conditions or otherwise) and due to any other legal or regulatory requirements (including those of NZ RegCo). The Company will announce to the market any changes to the intended date of delisting.

Upon delisting, shares in the Company can no longer be publicly traded which could reduce the ability of shareholders to sell their shares. Shareholders who wish to sell shares can still transfer their shares by way of an off-market transfer.

Shareholders wishing to sell their shares following the de-listing who do not have a buyer arranged can contact the Company. The Company will assist by matching those shareholders with any interested buyers (as they arise). In those circumstances, share price will be a matter for private negotiation. If the resolution is passed the Company will cease being subject to the governance and disclosure requirements of the NZX, as described above. NZ RegCo will no longer regulate the Company's compliance with the Listing Rules. However, the directors believe that it is desirable to enable the Company to direct its available cash flow into the business and secure new capital, rather than meeting onerous compliance costs given its scale. The Company is leaving the option open regarding returning to having its shares quoted on a public market and will only make a decision regarding this as the financial condition of the Company improves.

Consequences if resolution not approved

If the resolution does not pass, then the Company will continue to be listed on the NZX Main Board.

If the Company continues to be listed on the NZX this will be detrimental to the Company as the costs of maintaining an NZX listing are considered disproportionate compared to the benefits of the Company being listed.

If SMW continues to be listed on the NZX, the Company's ability to reduce costs, improve its balance sheet and ultimately capitalise on a recovery in the mining sector will be compromised. The Company will have to come up with alternative ways to reduce costs, which may be detrimental to the efficiency and productivity of the Company.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution.