

5 January 2018

**INDEPENDENT COMMITTEE RECOMMENDS THAT SHAREHOLDERS SHOULD ACCEPT
KCE JV'S TAKEOVER OFFER**

King Country Energy Limited (Unlisted: KCE) announces that KCE JV has today made its formal takeover offer to buy all of the shares in KCE for \$5.00 per share, by sending its offer document to all shareholders.

Independent Committee's recommendation

The Board of KCE formed an Independent Committee, comprising Toby Stevenson, Linda Robertson and Brian Needham, to consider and respond to KCE JV's takeover offer.

The Independent Committee unanimously recommends that shareholders SHOULD ACCEPT the takeover offer.

In summary, the reasons for the Independent Committee's recommendation are as follows:

1. The offer price of \$5.00 per share is comfortably above the midpoint of the Independent Adviser's value range of \$4.37 to \$5.47 per share, and represents a premium to KCE share trading prices on Unlisted.
2. The offer price is equal to the recommended price for Trustpower's 2015 takeover offer.
3. The offer price is equal to KCE's net assets per share.
4. The Independent Committee believes that the offer price adequately compensates shareholders for the current and potential future benefits of ownership of KCE shares, having regard to the risks of future share ownership (including the likely reduction in, or loss of, avoided cost of transmission revenue).
5. KCE JV's offer provides shareholders with a certain opportunity to sell all of their shares in KCE at a cash price in one transaction and free of brokerage.

Target Company Statement and Independent Adviser's Report

KCE's Target Company Statement (which is attached to this announcement) contains further details of the reasons for the Independent Committee's recommendation, as well as the Independent Adviser's Report on the merits of KCE JV's takeover offer.

Ultimately, it is each shareholder's decision whether or not to accept the offer. Shareholders are encouraged to read the Target Company Statement and Independent Adviser's Report **carefully and in full** before making that decision. In addition, shareholders should consider their own individual circumstances, views on value and the merits of the offer, and investment time horizon. Shareholders are encouraged to consider taking their own separate professional advice (e.g. their lawyer or financial adviser) tailored to their circumstances.

Timing

The offer is open for acceptance until 5.00pm on 16 February 2018, unless extended by KCE JV in accordance with the Takeovers Code.

KCE JV has confirmed that it will pay shareholders who accept the offer within seven days after acceptance. Accordingly, the Independent Committee recommends that those shareholders who intend to accept the offer should do so as soon as possible.

Due to the summer holiday period, KCE will be unable to print and mail the Target Company Statement until around 15 January 2018. If you wish to obtain a copy of the Target Company Statement before then, electronic copies will be available on KCE's website at www.kce.co.nz.

Toby Stevenson
Chairman of the Board and of the Independent Committee

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Contacts:

Toby Stevenson, Chairman, KCE, 021 666 822

Rob Foster, Chief Executive Officer, KCE, 021 306 734