



Project Terebro

BlueMount Capital is mandated to assist Project Terebro (“the Company”) with raising up to \$10m in equity to partly finance the Company’s acquisition of a global exploration drilling equipment business (“business”) and for working capital.

Project Terebro is 100% Australian owned and operated. With years of proven performance and strong track record, the Company has become the preferred partner of choice for a number of rig operators. This is an opportunity for an investor to partner up with Project Terebro to generate returns from running the profitable businesses, collectively the Group, post transaction.

Company Information	
Name	Project Terebro
Based	Brisbane, Australia
Acquisition Overview	
Business and assets to be acquired	Rigs, consumables, production stock, patents, customer list, and trademarks
Last year’s financials of the business	For the calendar year of 2019: - Turnover: approx. \$70m - EBIT: approx. \$6.7m
Valuation of business pre transaction	\$62m (GST Inclusive)#
Sale and Purchase Agreement (“SPA”) Status	SPA signed on 8 th October, 2020
Estimated Settlement Date	Early March 2021
Requirement	\$10m equity
Use of Funds	\$10m partly for acquiring the business and for working capital post transaction
Exit	Trade sale or IPO in 3 to 5 years

#Book value audited

Company Consolidated Financials		
Year	Revenue	Operating Profits/(Loss)
2019 (A)	\$6.9m	\$0.9m
2020 (A)	\$5.9m	(\$0.04m)
2021 (F) #	\$22.9m	\$9.7m
2022 (F) #	\$73.3m	\$21.7m
2023 (F) #	\$87.6m	\$18.2m

#Post transaction

Company and Project Highlights

- The Company is headquartered in Brisbane, Queensland, Australia, and has extensive experience in offering drilling equipment and supporting services to various drilling sectors;
- Strong management and development team with extensive experience of at least 25 years in mineral exploration, oil and gas drilling, geotechnical and engineering services in Australia;
- The Company has signed an SPA to acquire the drilling exploration business from a high-tech and global engineering group;;
- The acquisition is at a significant discount to Asset Book Value and the Company has identified strong upside potential;
- The Company has received a term sheet for debt financing for \$36m plus working capital;
- Post transaction, the Group plans to operate a global exploration drilling equipment company by utilizing the Company’s Australian base with a new global sales team;
- **Given the Company’s strong track record and the brands of the business, the Group is expected to generate a net profit margin of at least 20%;**
- Neither the Company nor the business have seen a decrease in sales due to COVID-19.

Ask

The Company is looking for up to \$10m in equity to partly finance the acquisition of the business and for working capital post transaction, supported by strong revenues and balance sheet. Please see page 2 for details.

The closing date of this offer is 28th February 2021.

Please note all currency in this document refers to AUD unless otherwise indicated.

**INVESTMENT OPPORTUNITY FOR
\$708 QUALIFIED INVESTORS ONLY**

AUSTRALIA CHINA USA

BlueMount Capital (Qld) Pty Ltd ACN 147 942 603 Authorised Representative for AFSL 456663
Level 5 • 15 Astor Terrace Spring Hill Queensland 4000 Australia. Phone +61 7 3160 2840
Email brisbane@bluemountcapital.com www.bluemountcapital.com

The Company

Project Terebro build custom equipment specific to its customer's needs and specifications. The Company builds new rigs based on its proven designs, customises existing rigs, including upgrades to client specific requirements, electric or hydraulic top drives, rod handling solutions, mud circulation systems, platforms, jack-ups and a variety of pad configurations, to enhance performance as well as back up component supply.

Project Terebro's team of engineers and designers have years of experience to ensure they deliver a quality product to assist their customers with meeting their demanding project goals and requirements.

The Company's engineers are supported by a team of competent tradespeople, including pressure pipe welders, boilermakers, mechanical fitters, machinists, mechanics and supporting trades.

Project Terebro has well equipped service facilities, including multiple site service vehicles that will meet the requirements of even the toughest of breakdown situations, and the ability to facilitate all forms of workshop or 'back to base' repairs.

In particular, the Company has a strong reputation and track record of offering equipment and services to various drilling sectors such as horizontal directional drilling and upstream gas drilling and workover rigs, mineral exploration, etc. in Australia.

The Business

The seller is a high-tech and global engineering group offering products and services that enhance customer productivity, profitability and safety. The business holds world-leading positions in selected areas: Tools and tooling systems for metal cutting; equipment and tools, service and technical solutions for the mining industry and rock excavation within the construction industry; products in advanced stainless steels and special alloys as well as products for industrial heating.

In 2019, the seller had approximately 40,000 employees and revenues of about \$15.8b in more than 160 countries within continuing operations.

The Company will acquire the global exploration drilling equipment business from the seller which includes exploration rigs, consumables and production stock, along with selected trademarks and patents.



The breakdown of the business and assets to be acquired by the Company is as follows:

Assets Purchase Price	
Rigs	\$4.51m
Consumables	\$10.51m
Production Stock	\$18.64m
Intellectual Property such as patents, customer list, etc.	\$2.12m
Total	\$35.78m
Asset Value#	\$62m

A number of key personnel will be retained.

The Financial Forecast

Please note the Group's projected financial forecast post transaction below:

Financial Forecast			
	2021FY	2022FY	2023FY
Revenue	\$22.9m	\$73.3m	\$87.6m
Cost of Goods Sold	(\$9.39m)	(\$39.7m)	(\$54.8m)
Gross Profit	\$13.5m	\$33.7m	\$32.8m
Other Income	\$1.4m	\$1.1m	\$1.2m
Operating Expenses	(\$5.2m)	(\$13.0m)	(\$15.8m)
Net Profits	\$9.7m	\$21.7m	\$18.2m

Use of Funds and the Ask

Project Terebro is looking for equity of \$10m to partly finance the acquisition of the business and for financing the Group's working capital post transaction.

The Company is flexible to discuss the investment and funding structure and arrangements with interested parties.

Exit Strategy

The Company contemplates to conduct a trade sale or IPO of the Group in 3 to 5 years time and is open to discuss various options with funders/investors.



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