



## Imdex, Coretrack in \$28.4m merger deal

21-July-09 by Rebecca Lawson

Mining services company Imdex and drilling specialist Coretrack have agreed to a \$28.4 million merger that will create an entity focused on the burgeoning oil and gas sector.

Under the deal, Imdex will issue 0.61 of its shares for every Coretrack share held, and issue a further 0.305 Imdex shares for every Coretrack listed option.

Overall, Imdex will issue a total of 43.39 million shares at 65.5 cents each, valuing the merger deal at \$28.4 million.

Once the merger plans are complete, Imdex shareholders will hold around 82 per cent of the combined entity while Coretrack stakeholders will hold the balance.

Earlier this month, Coretrack said it had retained the services of Sydney-based Pegasus Corporate Advisory to develop and assess a short list of target companies.

Coretrack had said that targets will be within the energy sector. The company is developing the Core Level Recorder System.

Earlier this year, Imdex terminated an agreement to acquire Australian Drilling Specialities, saying the deal had become too expensive.

The marriage of both companies bring together Coretrack's Core Level Recorder System and Imdex's down hole technology division.

"We see significant future earnings upside by adding Coretrack's leading edge oil & gas down hole technology to Imdex's existing products," Imdex managing director Bernie Ridgeway said.

"The technology will deliver the Imdex Group strong earnings potential in the medium term and will be EPS accretive in FY11."

The merger is subject to successful due diligence.

Shares in both Coretrack and Imdex were untraded at 29 cents and 63.5c respectively at 10:55 AEST.

The announcement is below:

Imdex Limited ("Imdex") and Coretrack Limited ("Coretrack") are pleased to announce an agreement to merge under which Imdex will acquire all of the shares and options in Coretrack.

### Overview of the proposed merger

Under the agreement, to be effected through a Scheme of Arrangement, Coretrack share and option holders will receive a total of \$28.4 million in the form of 43.39 million Imdex shares issued at 65.5 cents per share.

Under the terms of the agreement, Imdex will issue Coretrack shareholders 0.61 Imdex ordinary shares for every one (1) Coretrack ordinary share, and will issue 0.305 Imdex ordinary shares for every one (1) Coretrack listed option, and consideration based on similar terms for Coretrack's unlisted options.

Imdex post-merger will be owned approximately 82% by current Imdex shareholders and 18% by Coretrack shareholders and option holders.

### Creation of a company with world class global oil & gas technologies

When completed, the transaction will create a merged entity with world class global oil & gas down hole technologies that are in high demand from blue chip corporate customers.

The merger will be EPS accretive for both sets of shareholders, with Imdex expecting the acquisition to be EPS accretive within two years and become a substantial contributor to group earnings from 2011.

For Coretrack shareholders, the merger delivers greater certainty in terms of funding and commercialisation of the Company's down hole oil & gas technology.

Imdex Managing Director Bernie Ridgeway said the merger with Coretrack represents a natural addition to the Company's down hole technology division, already well-positioned for growth in the global oil & gas sector.

"This is an attractive opportunity for Imdex to add an innovative, world class technology on the verge of full scale commercialisation," he said.

"We see significant future earnings upside by adding Coretrack's leading edge oil & gas down hole technology to Imdex's existing products," said Mr Ridgeway.

"The technology will deliver the Imdex Group strong earnings potential in the medium term and will be EPS accretive in FY11.

"Imdex has a proven track record of growth through quality acquisitions of proprietary technology companies, and a successful history integrating and marketing new technology.

"Imdex's proposed merger with Coretrack complements our growing portfolio of down hole instrumentation assets and is well aligned with our growth strategy and fundamental objective to continue to grow Imdex's exposure to the oil and gas sector."

Coretrack Managing Director Nanne van't Riet said the proposed merger represented an exciting opportunity for his Company's shareholders.

"The opportunity to align ourselves with a financially-strong and reputable company such as Imdex will provide Coretrack shareholders with greater potential for long term growth in a diversified global mining and oil & gas business," said Mr van't Riet.

"Imdex is an established company with a global market presence and strong customer relationships, and will be able to fully capitalise on the opportunities that exist and bring forward the commercialisation of Coretrack's technologies."

#### Strategy of the merged group

Imdex's strategy following the merger will not change - the manufacture, supply, and distribution of high quality drilling fluids and down hole instrumentation primarily to the global mining and oil & gas industries.

#### Transaction details

The key terms of the transaction entered into between the companies include:

- Satisfactory completion of due diligence
- Execution of a definitive Merger Agreement by 5.00pm (Perth time) on Friday, 24 July 2009, including a break fee of \$300,000 payable by Coretrack.

Imdex has appointed Capital Advice as its financial adviser, and Coretrack has appointed Maiden Capital as its financial adviser.

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