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Coretrack acquiring rig builder, raising funds

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DRILLING technology specialist Coretrack is acquiring rig manufacturer Globe Drill for more than 6.5 million shares.

The transaction also requires Coretrack to issue a number of shares equal to the net amount received by Globe Drill in respect of the research and development tax offset divided by the five-day volume weighted average price of shares.

“We believe that this acquisition will deliver significant value by growing the range of services Coretrack can offer to the booming energy and minerals sector,” Coretrack managing director Nanne van’t Riet said.

“This deal brings together two pieces of technology on the verge of commercialisation that have no direct competitors in the market place and are set to deliver major efficiencies in one of the fastest growing sectors in the country.”

Coretrack’s Core Level Recorder System is a measuring and recording device placed inside the inner core barrel to minimise coring errors by delivering pinpoint real-time data on core recovery directly to the surface while Globe’s GT3000 rig, which is designed to drill wells to depths of up to 3000m up to twice as fast as conventional rigs with a third of the required equipment, is expected to be completed by June 2010.

Van’t Riet will remain the company’s managing director and chief executive officer while Globe founder Warren Strange will join Coretrack’s board as an executive director.

Coretrack is also moving to raise more than \$A10 million through a capital raising.

Under this raising, Coretrack will place 10 million new shares at a price of 22c each to clients of Cygnet Capital to raise \$A2.2 million and a fully underwritten placement of one share for every five shares to existing shareholders to raise more than \$3.65 million.

Cygnet will also underwrite the exercise of about 22.8 million Coretrack options which are exercisable at 20c on or before February 28, 2010, to raise more than \$4.56 million.

Funds from the raising will be used to complete the Globe GT3000 rig, reduce gearing and for general working capital purposes.

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