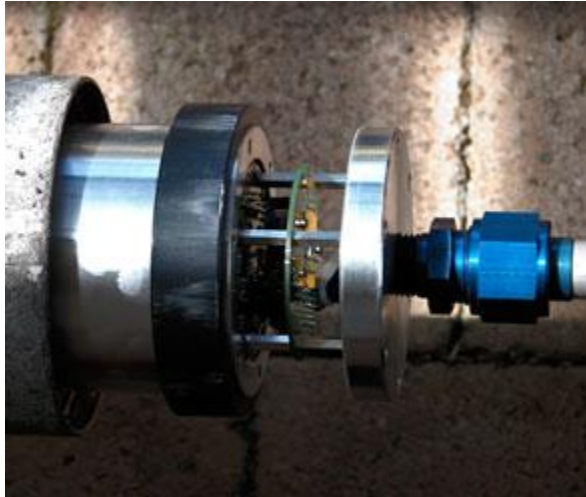


Coretrack announces capital raising, acquisition

SEAN SMITH, The West Australian January 18, 2010, 6:14 am



The West Australian ©

UPDATE 11.30am: Drilling technology company Coretrack has announced a \$10 million capital raising and the acquisition of a Kalgoorlie rig manufacturer as it takes advantage of the upswing in the mining and energy sectors.

Under the terms of the Globe Drill deal foreshadowed by *The West Australian* this morning, founder and owner Warren Strange will take up at least \$1.45 million of Coretrack shares at 22¢ apiece and join the company's board as an executive director.

The agreement, which is subject to conditions, includes licence fees and royalties to Mr Strange for the use of Globe's drilling technologies.

Globe Drill designs and makes track-mounted drill rigs and is in the final stages of the development of a new deep-hole rig, the GT3000, aimed at the geothermal market.

Coretrack believes the acquisition will create not only a bigger company, but a more diverse business with specialised products and services.

These will include the GT3000, which Coretrack says will be capable of drilling to 3000m up to twice as fast as conventional rigs.

To help complete the rig, Coretrack intends to raise fresh equity through a \$2.2 million placement to clients of its adviser Cygnet Capital, a Melbourne-based micro-cap boutique advisory firm, and a \$3.3 million one-for-five rights issue, both at 22¢ a share.

Cygnit will underwrite the raising as well as the 22.8 million listed Coretrack options not already exercised, guaranteeing the company another \$4.5 million.

The options are exercisable at 20¢ by the end of February.

Coretrack will also extend the contract of chief executive Nanne van 't Riet for two years from February, on a remuneration package that includes \$325,000 annual salary plus bonuses.

Mr Nanne van 't Riet said the company believed the Globe Drill acquisition would deliver significant value by growing the range of services Coretrack offered to the booming energy and minerals sector.

"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," he said.

Coretrack shares were off three cents, or 10.35 per cent, to 26 cents by 11.20am.