

04 August 2022

BABYLON ADVANCES GROWTH STRATEGY WITH RESOURCE WATER GROUP ACQUISITION

Highlights

- Babylon to acquire assets of Perth-based specialist in test pumping and project water management, Resource Water Group (www.resourcewatergroup.com.au)
 - Acquisition advances BPP's strategy to expand higher margin water management services for the mining sector
 - A\$3m purchase price represents a multiple of 3 times expected EBITDA contribution, and will be funded by cash, shares and asset finance
 - Effective acquisition date of 1 August 2022
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Babylon Pump and Power ("Babylon" or the "Company") (ASX: BPP) is pleased to announce that it has executed a business asset acquisition agreement to acquire the operational assets of Resource Water Group ("RWG") for \$3 million. Settlement is scheduled to occur on 04 August 2022.

Established in 2011 and based in Canning Vale, Western Australia, RWG provides bore field test pumping equipment and related data collection services as well as a range of water management disciplines to the mining industry. These services are critical to water users across the resources sector as they develop water management strategies in line with their environmental obligations and operational requirements.

As foreshadowed in the capital raising announcement to the ASX on 9 June 2022, BPP is expanding its mine water management activities. The total consideration of \$3 million has been structured as follows:

- Cash due on Completion: \$0.5 million
- Shares issued on Completion: \$0.5 million (issue price of \$0.0067; escrowed for 12 months)
- Deferred cash: \$2.0 million

The deferred cash component will be partially funded by financing RWG's underlying fixed asset base by 30 November 2022, with interest payable at 10% until settlement. The balance of the cash consideration will be funded using proceeds from the recent placement and rights issue.

Under the business acquisition agreement, Babylon will acquire the operational assets (independently valued at over \$2 million), goodwill, contracts, and intellectual property of RWG. RWG's founder, Mr Frank Ashe, has entered a services contract and will become a



member of the Group's senior executive. Three other RWG employees will also commence employment with Babylon. Babylon estimates that the purchase price represents a multiple of 3 times the expected net EBITDA contribution from the RWG assets.

Babylon Managing Director, Michael Shelby said: *"This is an exciting and well-priced acquisition for Babylon which will significantly expand our water management activities. The acquisition broadens our offering to new and existing clients, brings in additional technology and business development capability whilst complementing our existing business."*

RWG's test pumping services are considered an early-stage project engagement service and have consequently led to relationships with a range of well recognised global and Australian mining companies including BHP, Rio Tinto, FMG, Roy Hill and Newcrest Mining.

We expect that these relationships will also facilitate rental opportunities for our specialist pump rental assets, supporting the Company's renewed strategic focus on multi-disciplined water management equipment and services."

Babylon will move into new, purpose-built premises around November this year and RWG will co-locate its assets and operations into the new facility.

Commenting on the transaction, RWG's Frank Ashe said: *"This is an exciting time to be joining forces with Babylon as it builds into a diversified water services business. I am looking forward to joining the team and contributing to strategic growth initiatives and capitalising on RWG's network of relationships."*

The Company also advises that with effect from 31 August 2022, Mr Patrick Maingard will transition from executive director to non-executive director and Mr Michael Kenyon will retire from his role as non-executive director but will continue in his role as company secretary on a part-time basis.

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