



HRL Holdings Limited

Level 8 Waterfront Place, 1 Eagle Street
Brisbane Queensland 4000, Australia

GPO Box 216

Brisbane Queensland 4001, Australia

Tel +61 7 3105 5960

Email admin@hrlholdings.com

ASX Announcement

24 December 2014

Proposed Acquisition of New Zealand based Environmental Consulting and Hazardous Materials Analytical Laboratory Company

HRL Holdings Limited (ASX: HRL) (**HRL** or the **Company**) is pleased to announce that it has entered into a Share Sale Agreement with the shareholders of New Zealand based company Precise Consulting and Laboratory Limited (**Precise Consulting**) to acquire all of the issued capital (**Sale Shares**) in Precise Consulting and Laboratory Limited (**Precise Consulting Acquisition** or the **Transaction**).

The addition of Precise Consulting provides the Company the opportunity to add a profitable business with significant growth potential, supplementing the acquisition of OCTIEF Pty Ltd which was completed in September 2014. Acquiring Precise Consulting provides HRL with an additional opportunity, in the same business segment as OCTIEF, to move into the fast growing New Zealand market.

About Precise Consulting

Operating out of Christchurch, New Zealand, Precise Consulting offers a number of services to assist companies with the identification and remediation of risks posed to health and safety of both humans and the environment.

Precise Consulting provide a range of services and analysis including:

- contaminated land analysis;
- soil sampling;
- dust monitoring;
- air quality monitoring
- asbestos auditing and building contamination assessment.

These studies are carried out in laboratories accrediting by IANZ, which is part of the Testing Laboratory Registration Council and New Zealand's premier accreditation body.

Precise Consulting also offers a number of specialised environmental services, including the identification, monitoring and testing of asbestos materials and other occupational hygiene issues.

Further details on Precise Consulting & Laboratory Limited are available at <http://www.preciseconsulting.co.nz>



Transaction Overview

Under the terms of the Share Sale Agreement, the Company will acquire 100% of the issued capital of Precise Consulting.

In consideration for all of the Sale Shares, the Company will pay a maximum purchase price of NZD\$7,500,000 to the Sellers (Purchase Price). The Purchase Price will be paid as follows:

- (a) partial payment on completion of the Precise Consulting Acquisition of NZD\$5,000,000 in cash; and
- (b) an earn-out consideration of up to NZD\$2,500,000.

The amount of earn out consideration is to be calculated based on Precise Consulting's earnings before interest and taxes (EBIT) for the year 1 January 2015 to 31 December 2015 as follows:

EBIT (NZD)	Earn Out Consideration (NZD)
Less than \$1.9 million	Nil
\$1.9 – 2.1 million	\$700,000
\$2.1m to \$2.3 million	\$1,300,000
\$2.3m to \$2.5 million	\$1,900,000
More than \$2.5 million	\$2,500,000

Conditions Precedent

The completion of the Share Sale Agreement is subject to a number of conditions precedent, including:

- all necessary ASX and ASIC approvals, waivers and confirmations being obtained by HRL in respect of the Precise Consulting Acquisition;
- all necessary board and shareholder approvals being obtained by both HRL and Precise Consulting in respect of the Precise Consulting Acquisition;
- HRL receiving finance for payment of the Purchase Price;

Management

Upon completion of the Precise Consulting Acquisition, the current owner Mr Andre Halkyard will be engaged as the General Manager of Precise Consulting for a minimum period of three years. It is not intended that any changes be made to the HRL Board as a result of the Precise Consulting Acquisition.

The existing Precise Consulting team will remain in place after completion and the Company is already investigating opportunities to share resources between Australia and New Zealand.

Shareholder and ASX Matters

ASX have determined that this acquisition when combined with the earlier acquisition of OCTIEF amounts to a significant change in the nature and scale of HRL's current business activities and that Pursuant to Chapter 11 of the ASX Listing Rules, ASX has advised the Company that the Company will be required to:



- (a) obtain shareholder approval for the purposes of Listing Rule 11.1.2, and
- (b) re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3.

Although the Company will retain its geothermal projects in Victoria, in order for HRL to improve shareholder value and generate sustainable and profitable performance, HRL will consider acquisitions which are not subject to the same commercial risk as investment in geothermal projects. As such, the acquisition of Precise Consulting, and the completed acquisition of OCTIEF, will see the Company continuing to expand its operations to create a conglomerate entity moving forward into 2015.

Funding the Purchase of Precise Consulting

HRL propose to fund the purchase price for 100% of Precise Consulting via debt finance, a non-renounceable rights issue and from working capital.

Preliminary discussions have been held with the Company's bank who have indicated their support towards providing debt finance to help secure the purchase of Precise Consulting on attractive terms and conditions.

In accordance with the rules of admission in Chapters 1 and 2 of the ASX Listing Rules, HRL will be required to lodge a prospectus pursuant to section 710 of the *Corporations Act 2001* (Cth), through which the Company intends to undertake a capital raising by way of a non-renounceable rights issue (**Capital Raising**). Details of the Capital Raising and the debt finance will be announced to shareholders as soon as they have been finalised by the Board.

Indicative Capital Structure

As the Purchase Price for the acquisition of the Precise Consulting shares will be paid solely in cash consideration, the Precise Consulting Acquisition will not have any impact on the current issued capital of the Company and therefore, will not subsequently cause any dilutionary effect to shareholders.

Indicative Timetable

The indicative timetable for completion of the Precise Consulting Transaction, including the shareholder's meeting, is outlined below:

Event	Date
Announcement of Acquisition	24 December 2014
Lodge Prospectus	28 January 2015
Despatch of Notice of General Meeting	29 January 2015
Record Date for Rights Issue	3 February 2015
Rights Issue Opens	6 February 2015
Rights Issue Closes	27 February 2015
General Meeting	27 February 2015
Expected Completion of Agreement	27 February 2015
Lodgement of Appendix 1A with ASX (listing application)	27 February 2015
Issue of shares under Rights Issue	6 March 2015

Please note that this timetable is indicative only and that the directors of the Company reserve the right to amend the timetable as required.



HRL will continue to update the market with progress and developments including the preparation of the necessary meeting materials for the shareholders meeting to approve the proposed acquisition.

For further information contact

Mr Darren Anderson

Executive Director

Ph: +61 (0)417 791 903

darren@octief.com.au