



GROUP LIMITED

## ASX ANNOUNCEMENT

For immediate release to the market

2 January 2014

PPK Limited - ASX Code: PPK

### PPK acquires COALTRAM mining equipment business

- PPK has acquired the COALTRAM mining equipment business from Diversified Mining Services to drive new growth focus on mining services
- COALTRAM assets and IP acquired in an all cash transaction for \$13 million
- Completion of the transaction expected on 28 February 2014
- Aligns with new mining services sector growth strategy
- Company on track to divest existing property assets over time

PPK Group Limited (ASX:PPK) ('PPK') announces the signing of an agreement for the acquisition of the COALTRAM mining equipment business and intellectual property from Diversified Mining Services Limited ('DMS') in an all cash transaction for the sum of \$13 million.

The acquired assets include \$9 million of plant, equipment and hire fleet. The transaction is expected to complete on 28 February 2014 subject to satisfaction of agreed conditions precedent. PPK has the right to withdraw from the transaction if the net tangible assets fall below \$17million prior to completion.

The acquired businesses include:

- Manufacture, service and support of the trademark COALTRAM underground transport utility vehicle;
- Manufacture and distribution of Australia's leading flameproof alternator for use in methane gas prone underground environments; and
- Equipment hire.

Executive Chairman, Robin Levison, stated:

*"This is the first step in the strategy to grow PPK with a focus on the mining services sector. This acquisition sets the scene for a landmark 2014 calendar year for PPK and follows through on the strategy presented to shareholders at the AGM in November".*

There are currently 99 COALTRAM vehicles in service in Australia with a wide range of clients including BHP, Centennial Coal and Glencore (previously Xstrata) with framework agreements in place for the provision of new products, servicing and parts supply.

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The COALTRAM utility vehicle is a critical piece of equipment used in underground coal mining. DMS manufactures 8, 10 and 13 tonne versions of the vehicle that is designed to operate in the high methane gas coalmine environment. The vehicles undergo rigorous testing and certification procedures to ensure they are flameproof and explosion proof before being approved for underground use.

The COALTRAM utility vehicles are assembled at the Tomago facility that has been set up as a world class, large scale, lean manufacturing and service centre. The Tomago facility is also the headquarters for the equipment hire division.

Mr Levison stated:

*"This acquisition is an excellent foundation for PPK's goal of creating a wholly owned, Australian based global mining products and services business with operations initially located in New South Wales with premises at Tomago, Port Kembla, Wollongong and Nowra South."*

Certain key features of the COALTRAM, such as superior visibility and ergonomics, digital on board display and reversing cameras give increased confidence for confined space manoeuvrability, with collision avoidance through camera awareness assisting in creating a safe working environment.

This vehicle type is the most commonly used in the underground mining environment as it can be used for multiple purposes including material movement, supply handling, movement of long wall components and other general purpose tasks.

COALTRAM has the potential to be exported with DMS having already explored the South African mining market. PPK intends to focus on the export potential of the COALTRAM and is confident it will be able to build on the existing South African export channel.

The flameproof alternator business manufactures and supplies the leading flameproof and explosion proof product of its type. The product is recognised globally and certified for use in high gas methane prone mines around the world. The product has a strong and established export market with several multi national OEM manufacturers already installing and using the product.

The acquired equipment hire business currently has 38 vehicles and items of equipment in service with a range of clients including BHP, Centennial Coal and Glencore. Consistent revenue is derived from the equipment hire division that provides an important overflow resource for customers.

In summary Mr Levison commented:

*"The Board of PPK is pleased to acquire the COALTRAM mining equipment business along with the associated alternator business and other assets. The Board looks forward to welcoming the COALTRAM employees into the broader PPK business, and is confident this mining services revenue base can be built upon by PPK investing capital to drive organic growth while continuing to look for other synergistic acquisition opportunities to further leverage both the COALTRAM and Rambor business models."*

Subject to ASX requirements the acquisition may require shareholder approval.

For further information, contact:

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