

ASX Release

2 August 2018

Babylon to issue Convertible Loans to support growing contract Pipeline

Key Points

- **Significant recent contract wins expand work in progress**
- **Growing pipeline for diesel engine maintenance, pumping solutions and power generation**
- **Convertible Loans issue to raise up to \$3 million to support ongoing growth**

The Board of specialist resources services provider Babylon Pump & Power Limited ("Babylon"), (ASX: BPP, BPPOA), announced on 30 July 2018 significant new contracts for both rental equipment for power generation and specialty pumping, and for additional maintenance work for large Caterpillar diesel engines.

Babylon's unaudited revenues of \$1.02 million in Q4 2018, indicates a current annualised revenue run rate of over \$4 million in FY 2019. The recently announced contracts will add over \$1 million to this underlying run rate. This progress has exceeded expectations since listing on the ASX in January 2018, and the Company is experiencing strong customer demand for additional projects, with a growing pipeline of diesel engine maintenance, power and specialised pumping opportunities.

To support this strong growth pipeline, the Company intends to issue unsecured convertible loans to institutional, sophisticated and professional investors to raise up to \$3 million ("Convertible Loans"). The net proceeds of the issue of the Convertible Loans will be used to purchase specialised equipment required for rental agreements with strong commercial returns, and for general working capital purposes.

The Company believes it can put these funds to strategic use providing excellent customer service and delivering appropriate returns to shareholders.

The key indicative terms of the unsecured Convertible Loans include:

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| Term: | 2 years. |
| Interest rate: | 12% p.a. |
| Conversion: | The Convertible Loans may be converted in whole or part (subject to a minimum face value of \$50,000 being converted) into ordinary shares at the election of the lender at any time after 6 months from date of issue until maturity. The conversion price will be the lower of 2.25 cents per share or the price of any equity capital raising by the Company within the two months prior to the lender's election to convert Convertible Loans, subject to a minimum of 1.0 cents per share. |
| Redemption: | The Convertible Loans will be redeemed at: (i) maturity if not converted, or (ii) on 1 December 2018 if shareholder approval for the convertibility of the Convertible Loans has not been obtained. The Company may redeem the Convertible Loans prior |





to maturity subject to providing 30 days notice and by paying an interest premium of an additional 10% of the face value of the Convertible Loans.

The Convertible Loans will include other terms standard for this type of funding instrument. The conversion terms will be subject to shareholder approval.

A further announcement, including further details will be made on completion of the Convertible Loans issue.

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